CREDIT and
FINANCIAL MANAGEMENT
DEVOTED TO INDUSTRY ★ FINANCE ★ COMMERCE

Debate: Should Salesmen Help in Collections?

Whose Fault Is That Unearned Cash Discount?

Bankers Urge Counseling and Flexible Credit

Minimizing Your Taxable Income; Excess Profits

GOLDEN ANNIVERSARY SUCCESS STORY ...

Turn to Page 5

March, 1952

F A M O U S   A M E R I C A N   H O M E S

The Horseshoe House

of Far-Away Island

ACCORDING to an Indian myth, a mighty giant who used Cape Cod for his bed flung his moccasins into the sea because they were full of sand. The one nearest the mainland became Martha's Vineyard and the other Nantucket which in the Indian tongue meant the Far-Away Island.

The first white settlement on Nantucket was formed by a group who in 1659 bought the island from Thomas Mayhew of Martha's Vineyard; his price was thirty pounds and "two Beaver Hatts, one for myself and one for my wife." Leader of the settlers was Tristram Coffin of Salisbury, Massachusetts, whose family became one of the most prominent on the Island.

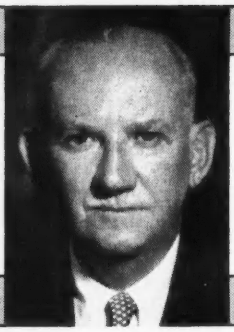
For a time the island was torn by a feud between Tristram Coffin and John Gardner, but the breach was healed by the marriage of Tristram's grandson Jethro Coffin and John Gardner's daughter Mary. As a wedding present, Mary's father gave land and Jethro's gave lumber for a home. Built in 1686, this house is now Nantucket's oldest and gets its name from the odd-looking chimney ornament, believed by some to be meant for a horseshoe.

One night in Jethro's absence a drunken Indian who had hidden in the attic fell through the loose board floor to a closet beneath. The crash awakened Mary who saw him emerge from the closet and squat on the hearth where he began sharpening his knife. In terror, she seized her baby and fled in search of help. The Indian was in close pursuit but he plunged headlong down a flight of stairs to the hall below where Mary's rescuers found him lying in a stupor. As Nantucket Indians never made trouble except when under the influence of liquor he was released.

In the 19th century Nantucket became the country's leading whaling center and, though its population never reached 10,000, at one time it was the third richest municipality in Massachusetts. Whaling ships from the Far-Away Island girdled the globe, their hard-won cargoes bringing wealth to most of the island's families.

In the possession of the Coffin family for many years, the Horseshoe House is now owned by the Nantucket Historical Association.

Editorial



Why Not Aid for the Home Folks?

CONGRESS is debating a budget calling for expenditures totaling around eighty billions of dollars. Such government outlays are incomprehensible. No Congress could possibly be fully informed on the details of such an astronomical budget. The very size of it clearly indicates the need of a non-partisan career staff to evaluate it properly for the benefit and guidance of Congress. Much of this money will be used for our defense purposes both here and abroad.

While Congress is thus debating the largest peacetime appropriations in the history of the world, the usual spring floods in various parts of our country will bring hunger, peril and loss of homes to many of our people and destruction to their property. These disasters in recent years seem as recurrent as the seasons.

Surely it would seem that these unnecessary sufferings and losses coming year after year can and should be eliminated. Informed engineers contend they can be eliminated and that the total expenditure on this conservation work would be but an infinitesimal part of the vast appropriation our law makers are asked to pass upon.

To eliminate floods, to conserve life, homes, lands, livestock and crops at home is certainly more essential than some of the expenditures Congress is asked to make for other purposes. Flood control expenditures actually would contribute more to the world's welfare than some of our foreign aid programs. The rest of the world is dependent upon our surplus. If we fail to realize a surplus through these disasters, they too suffer.

Let us hope that the taxpayers, who really foot the bills, insist that flood control measures be enacted and that the cost of this work be met by reducing other budgets intended for purposes of far less value. Certainly it is the right of our citizens to demand this domestic relief and protection and the duty of our Congress is to provide for it at this session.

HENRY H. HEIMANN,
Executive Vice President

THE MARCH COVER

FIFTY YEARS of service to the credit fraternity and to the community is a just cause for celebration, and the Los Angeles Credit Managers' Association proceeded to do something about it.

A birthday cake with 50 candles is not the medium for observance of such an occasion. A joint meeting with the Los Angeles Rotary Club was the solution, pointing up the common interest of the two organizations in community interest and advancement. Hence the picture on the cover.

Seated are, left to right, Henry H. Heimann, executive vice president of the National Association of Credit Men and guest speaker, and Durward Howes, president of the Los Angeles Rotary Club and owner of B. D. Howes & Sons. Standing (left) are Elmo Trimble, president of the Los Angeles Credit Managers' Association and secretary-treasurer of the Wilson Paper Company, and Lorne D. Duncan, president of the National Association of Credit Men and general credit manager of the National Distillers Products Corporation. Mr. Duncan was guest of honor at the joint gathering.

Subscribing only in part to the axiom that the first 50 years are the hardest, the Los Angeles Credit Managers' Association enters its second half century with the goal of continued and progressive service through cooperation.

That is a large order in itself, in terms of what the association already has achieved. Third largest credit association, it has an Adjustment Bureau with a record of 68 years of service, the former Los Angeles Wholesalers' Board of Trade.

The Los Angeles association has the first and largest Oil Field Division, and a Collection Division doing the largest amount of business of any on the Pacific Coast. The Credit Interchange Bureau claims the distinction of being the first to employ a mechanized tabulating system in producing reports. There are 36 active Industry Groups with a membership approaching 700. The Los Angeles Association has close to 1,300 members.

CREDIT and FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY ★ FINANCE ★ COMMERCE

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EDITOR Ernest A. Rovelstad
ASSOCIATE EDITOR Richard G. Tobin
ADVERTISING & BUSINESS MANAGER Edwin B. Moran
ASSISTANT ADVERTISING MANAGER M. M. Bradford

ADVERTISING REPRESENTATIVES

Send copy and cuts to 33 So. Clark Street, Room 1538, Chicago 3, Ill.

Chicago, Ill.—*Russell Smith*, 205 West Wacker Drive, Phone: DEarborn 2-5091

Cleveland, Ohio — *Howard McClenahan*, 402 Swetland Bldg. Phone: Prospect 1-6100

Los Angeles, Calif.—*Robert W. Walker*, Robert W. Walker Co., 2330 W. Third St. Phone: DUnkirk 7-4388

San Francisco, Calif.—*Rogers W. Parratt*, Robert W. Walker Co., 57 Post Street, Phone: SUtter 1-5568

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WASHINGTON

THE SPEED with which the House passed the military pay increase bill was just another way of moving the political tongue over to the other cheek in this election year. As was expected, there was Senator Robert Taft's declaration as head of the Republican policy group that his party would demand large cuts in Government spending and no increase in federal taxes. And there was the plum tree vigoroed in the President's message, which even called for $5 billions tax increases. Both parties have that far-away look in their eyes and words—toward Chicago and the conventions. Closest to reality was the quoted forecast of Joseph Martin, G.O.P. House leader, that after a recess in July, Congress probably would be back on the job during August, September and October.

After the President submitted his budget message in which he asked for an increase in taxes, quite a few of his party leaders, including Senators George of Georgia, Connally of Texas, Sparkman of Alabama and Gillette of Iowa, all shouted "no" to the idea of a further boost of taxation. Apparently the men who draw their pay on Capitol Hill had an advantage over the President, had been told during their two months vacation that the dander of their constituents had definitely risen.

EFFECTIVE in the second quarter is an N.P.A. order defining an authority under which the N.P.A. can bar a manufacturer from dipping into inventories to increase production. The aim is to eliminate incentive to accumulate inventories and so get more controlled material. The order in effect sets a manufacturer's production schedule according to his C.M.P. allotments of copper, steel and aluminum. The N.P.A.'s idea is that manufacturers try to use up excessive inventories within a quarter; the new action would facilitate enforcement of current basic inventory limitations.

GOOD FOR SOUL ONLY

Confession of tax delinquency formerly was not only good for the soul but also good for a pardon under Treasury Department policy.

Hereafter, in any evasion case, with or without a voluntary confession, the evader will be liable not only for penalty fees but also for possible fines and jail sentences. Abuses of the former concessions brought the new thumbs-down policy.

AUTO MANUFACTURERS will be permitted to build 900,000 autos and 240,000 trucks in the April-June second quarter, according to an unofficial announcement by Courtney Johnson, head of the N.P.A. motor vehicle division. However, manufacturers will have to save on the use of copper in the amount of six or seven pounds a vehicle. The first plan was to allow enough copper for 640,000 cars.

WORLD WAR II features relative to maximum loan value provisions have been restored by an amendment to Regulation "W," which limits instalment credit loans to a maximum percentage of the retail price established by the O.P.S. Under this new amendment the loan values based on percentages are 66⅔ per cent for automobiles, 85 for radios, television, and furniture, and 90 for home improvements, the Federal Reserve Board announced.

NATURAL GAS YEAR

Demands for natural gas in the future are the subject of a survey of 200 gas companies being made by the Petroleum Administration for Defense.

Surely this election year will produce a plethora of hot air.

Another Amendment removed automobiles made in the year 1942, or earlier, from coverage under Regulation "W". The board explained that greater risk is involved in financing older model cars and the terms of Regulation "W" as applied to such deals have been found too stringent.

An amendment to Regulation "X", covering real estate credit, is rather technical in character and of importance only to those having deals with banks as real estate operators, or as suppliers of material for non-residential construction. A full copy of this amendment 8 to Regulation "X" may be obtained from any member bank of the Federal Reserve System.

THE SALARY STABILIZATION BOARD postponed until March 31st the date for the filing of plans and related documents and until June 30th the deadline for filing the first quarterly report provided for under Regulation 4.

PERHAPS CREDIT EXECUTIVES have been wondering about a special symbol in the upper right hand corner of some of the checks passing over their desks. This symbol is used by clearing houses in sorting checks in order to send them

BACK TO BARTER DAYS

The City of San Francisco is resorting to the trading of scrap for new metal to build up a stockpile for municipal building projects. New copper was received for 85 tons of scrap copper it turned in for N.P.A. allocation, and the city is applying the same system to get steel in exchange for old surface car rails.

speedily and accurately from the banks in which they are deposited to the banks on which they are drawn.

◖ INDIVIDUAL shortages of components such as nuts, bolts, pumps and bearings will be handled by N.P.A. as they arise, under a new set of procedures.

◖ ENGINEERING companies requiring special priority assistance for equipment for defense production now have as claimant agency the N.P.A. facilities and construction bureau.

◖ PERMISSION to work out separate price ceiling adjustments for each plant of a manufacturer may now be requested under the Capehart amendment even when all the plants turn out items placed in the same industrial category by the Budget Bureau, the O.P.S. decreed.

◖ ELECTRONIC PARTS dealers were informed of a projected raising of limitations on minor capital additions from $750 to $1,000 a quarter under the Controlled Materials Plan. A separate M.R.O. quota for equipment installation authorizes operators to buy installation materials in a quarter up to 10 per cent of their M.R.O. quotas, or $1,000, whichever is the higher.

◖ TO AVOID two price ceilings on identical products, the O.P.S. now permits the machinery manufacturer to use his suppliers' ceilings on products both the supplier and his customer sell under different brand names.

◖ MACHINE TOOL makers won a break from the N.P.A. on orders for copper, steel, aluminum and component parts, with the issuance of the Z-2 priority label which signals producers to give orders thus labeled first preference with those designating military and atomic priority.

◖ LIMITATIONS on the amount of steel drums which packers may keep in inventories was eased by N.P.A.

◖ THE RENEGOTIATION BOARD at last has issued the regulations to be used regarding excess profits on defense contracts. John T. Koehler, chairman, said: "The board has attempted to make the regulations as practicable and as workable as possible, and in this effort has done its best to avoid requirements calling for changes in accounting systems, excessive record keeping, voluminous reports and other measures which would place an undue burden on the contractor or subcontractor."

◖ ELECTRIC utilities are now permitted to use priorities for materials in excess of quotas for minor needs in emergencies such as flood, earthquake and fire.

◖ O.P.S. REGULATIONS apply to no U.S. territory except Alaska, Guam, Hawaii, Puerto Rico and the Virgin Islands, under G.O.R. 23.

◖ TOTAL EXPENDITURES by manufacturers for new equipment and plants last year was $11.141 millions, the Securities Exchange Commission and the Department of Commerce estimated in a joint statement.

◖ UNDER N.P.A. Regulation 2, Interpretation 2, the signature of a customer signing a purchase for delivery order "may also serve in most cases as the signature for certification of the fact the order complies with regulations." If the certification of compliance follows the buyer's signature, a separate signature is required.

◖ MORE OFFICIALS were put to work by the Wage Stabilization Board when petitions received for wage rises reached the figure of 1,400 a week as compared with the handling of 1,000 by the board and 14 regional offices.

◖ UNDER SPECIFIC ceiling price regulations for copper wire mill products, some manufacturers' ceilings will be raised, others reduced. Distributors' prices were placed under C.P.R. 30.

◖ PRIORITY RATINGS were authorized by N.P.A. to repairmen and manufacturers to get wiring, fasteners and other needed materials for installing machinery, television sets and stoves.

◖ INCREASE of 9 per cent in cash dividends of corporations for the first ten months of last year were reported by the Department of Commerce. The only industrial groups not showing an increase were the automobile and food, beverage and tobacco.

OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25.

Should Salesmen

Affirmatives Have Slight Edge in CFM Poll

SHOULD SALESMEN collect accounts? The question is simple. Not so the answer. With all sections of the country represented by replies in a debate for CREDIT AND FINANCIAL MANAGEMENT, the tally of participating executives was so close that a swing of one vote would have produced virtually a tie.

Following is a sentence summarization of highlights of the arguments advanced on either side, by credit managers, treasurers and general managers, drawing upon experience.

AS THE PROPONENTS SEE IT

Some of the points made by those favoring collections by salesmen are:

Members of the field force of the sales department who assist in collections keep their own accounts in proper shape. Those who do not cooperate with the credit department are not among the top volume salesmen.

When salesmen help collect, the company is able to sell a number of marginal accounts which otherwise would have to be passed up.

With proper instruction and understanding, a salesman often can do a much better job of collecting than the credit department itself.

When the sales department teams up with the credit department, and trains the salesmen to do collecting, then you have absolute accord in operation.

Collection problems encountered by salesmen work for a better understanding with the credit personnel and save selling time on customers proved to be bad risks.

Finds Salesmen Who Help in Collection Keep Their Own Accounts in Order

IRL D. CLARK, Credit Manager, Janney Semple Hill & Company, Minneapolis, Minnesota:

IN SENDING out new salesmen to make replacements on old territories, or men on new territories, it always has been our policy to have the credit man go over with the individuals all phases of the requirements of our credit department, familiarizing the men with the proper way to get credit information on new accounts and new business and the proper procedure to follow in the matter of collections.

We make it very plain we expect our salesmen to assist in collection work. We have found that salesmen who give this help on collections are able to keep their accounts in proper shape at all times so that orders may be filled as received.

When an account becomes delinquent and salesmen continue to send in orders with no payment or any word as to when payment might be expected, there comes a time when orders must be held up and the customer written for a payment before shipment can be made.

This is not the case where the salesman assists in making the collections on accounts in arrears, sends the payments in with the orders or has taken the matter up with the dealer and obtained a definite promise as to when payment will be made.

We keep our salesmen informed at all times as to anything of importance which transpires between the dealer and the credit department, by sending copies of the letters to the salesmen and copies of their accounts in arrears.

Those men who do not cooperate with the credit department are not among our top salesmen in volume. All our top men assist in collecting delinquent accounts, thus increasing volume. We feel that where we have men helpful on collections we are able to sell quite a number of what might be classed as marginal accounts, which we otherwise would be obliged to pass up in credit dealings.

Real Salesman Feels He's Responsible Until Transaction is Finally Complete

H. PARKER ADAMS, Assistant Treasurer and Purchasing Agent, Stevens Walden, Inc., Worcester, Massachusetts:

I SAY salesmen should collect accounts. While of course a credit department has the final say as to the extension of credit, the fact must not be overlooked that the sales and credit departments of all business must work in close cooperation.

A credit man who follows a straight and narrow path, and never deviates, hinders rather than helps his organization. Sure his collection record is excellent but hasn't he created in the salesmen a negative sales attitude?

We all know there are slow-pay prospective customers and newcomers who because of their personnel and background are of high integrity, so that credit can be extended without a great risk. The salesman in the field has much closer contact in this respect and his reports and opinion should be given serious consideration.

With proper original instructions and understanding, a salesman oftentimes can do a much better collection job than the credit department. He has a personal acquaintance with the debtor, knows his peculiarities, hobbies, etc., and in most cases can come away with a check without having offended the customer in the least.

Furthermore, he exchanges conversation with other salesmen and thus picks up information of importance to the credit department. *(Continued on page 28)*

In order to present the arguments of both sides in the "debate" as quickly as possible, the biographies of the participants are grouped elsewhere in this issue. Please turn to page 30 for the who-is-who data.

Collect Accounts?

Opponents See Danger to Customer Goodwill

But opponents of collecting by salesmen have their arguments, too, and several cut squarely across the reasoning of the proponents.

"Should we make schizoids of salesmen?" asks one credit manager, who fortifies that question with another: "Let both salesman and buyer start looking backwards at previous unpaid bills and what becomes of the order?" Vision, he says, is the stock in trade of the salesman, plus the ability to transfer it to the imagination of the buyer.

Requiring a salesman to engage in other functional activities robs him of time for sales presentation, discussion of new merchandise lines and the building of goodwill, says another.

Goodwill of customers, and its preservation, enters largely in a number of the comments. How many salesmen can collect a past due account and keep the customer's goodwill? one asks. Another goes farther, and warns that delegating any part of credit department responsibility to others is to lose control of this operation and "lay the groundwork for later misunderstandings, confusion and ultimate loss of customer goodwill."

Whether or not the salesman should participate in collections depends upon the type of product, method of distribution and average monthly dollars involved in the accounts, says an executive who feels that salesmen, if properly trained, may well help in cases where there is a relatively low monthly volume, but not in highly technical industries.

Doin' What Comes Natcherly? Not When Collecting Makes "Schizoids" of Salesmen

L. A. McWHORTER, *Credit Manager, Miller-Smith Hosiery Mills, Chattanooga, Tennessee:*

SHOULD we make schizoids of salesmen, sending them to collect bills? Have they not enough worry over the high cost of mileage without adopting the money troubles of half their customers? A salesman must keep himself imbued with the anticipation of goods and services in action, so he may transfer this vision to the imagination of the buyer. Let both salesman and buyer start looking backwards at previous bills unpaid, and what becomes of the order?

Is collection needed? Then the debtor's payables have become complicated. In that case he is reassured only when one responsible person knows how, and how much he owes the house.

It is natural and customary to milk a cow from the left side only. Approach from the wrong side and she'll kick over the bucket. Likewise avoid applying the salesman unnaturally.

Welcome Salesman's Proffered Help But Collection Is Credit Man's Duty

OWEN S. DIBBERN, *General Credit Manager, Pabco Products, Inc., San Francisco, California:*

A SALESMAN is primarily employed to develop business and sales for his company. Every non-productive chore he is called upon to perform lessens his efficiency and productive effort. Consequently, making him a collector is prone to develop in him a reluctance in the accomplishment of his best work.

Whenever a new account is established, the salesman is expected to give the credit manager certain "on-the-ground" information on forms provided for that purpose, but, once the account is accepted by the credit department, it becomes Credit's duty to collect it. A salesman should not be expected to "carry water on both shoulders."

This is generally the policy of our company: our sales representatives are provided with copies of letters emanating from the credit department, to keep them acquainted with the *delinquents* in their territories.

If they voluntarily express a desire to help because of their close acquaintance or friendship with the customer, before final steps are taken to effect collection of the account, we welcome it.

We feel that the duty of our credit department is to appraise credit risks and collect accounts to their conclusion. Conversely, we feel that the duty of the salesman is to enthusiastically, and unencumbered, sell our company's products without any loss of time acting as a collector.

Delegating Responsibility to Salesmen Costs Credit Control, Imperils Goodwill

V. C. BARNHART, *Credit Manager, The Mine and Smelter Supply Company, Denver, Colorado:*

IN TAKING the negative approach to this question, I should like to point to the difficulty of arriving at any definite policy which would effectively govern all businesses alike without regard to classification.

However, to require a salesman to engage in functional activities other than selling is to utilize valuable time which might otherwise be spent in sales presentation, discussion of new merchandise lines and in cementing customer goodwill.

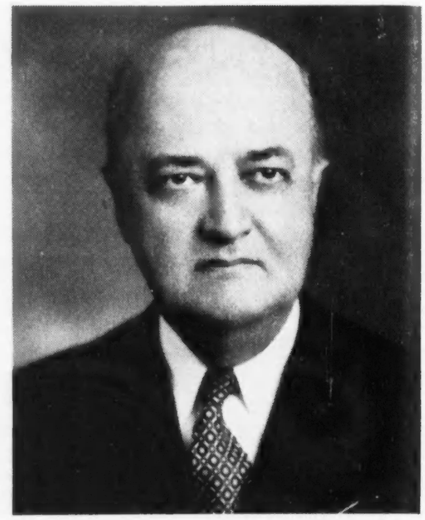
When one evaluates sales expenses and efforts strictly on the basis of actual time spent in the presence of a customer, it is no more logical to require that a portion of this time be spent in collection activity than to hold the salesman responsible for deliveries or any other departmental function arising out of a sale.

The salesman should be kept well informed in all matters affecting this relationship with his customers,

(Continued on page 28)

MY MOST PERPLEXING CREDIT PROBLEM

A Series on Management at Work



D. E. CROSS
Vice President and Treasurer
Belknap Hardware & Manufacturing Co. Louisville, Kentucky

BELKNAP Hardware and Manufacturing Company salesmen travel in 28 states. The result is that over such a wide territory there are frequently instances that we might term our most perplexing credit problem.

Some might come from simply inefficient management, others from lack of capital. Again, a dealer may become involved because of his own carelessness or negligence in the handling of his own credit problems. Sometimes it is a failure to reckon with the continued increasing cost of doing business and to adjust the overhead of selling costs accordingly. And then it may be a matter of poor accounting or a bad business location. Occasionally we come across an instance that is attributable to dishonesty or fraud.

In addition, there is the frequent instance of a fire or other type of casualty or liability loss to which the merchant may be subjected, wherein he has been inadequately insured or protected.

Again, in the broad territory covered, we frequently are confronted with some sort of disaster that might be interpreted as "an Act of God." I refer to flood, cyclone, windstorm, drought. In such instances it is not at all uncommon for a customer to lose practically everything he has.

These last-named constitute some of the most perplexing problems because in many areas adequate insurance may not be available except at a very high cost to cover this type of protection. We always encourage adequate protection by insurance.

In these instances the question arises as to whether or not we should take the complete loss on what the customer owes us and close it out, or whether we should risk the investment of additional credit by helping that customer to get back on his feet and reestablished in business, with the hopes that in that manner we can save the merchant as a customer, place him in a position to continue to operate profitably and sufficiently so as to possibly clear up the old debt, as well as to pay for the new merchandise.

Every individual case has to be handled differently—the individual appraisal of the man's character, his capabilities, whether the conditions look favorable to substantial success and just what limited capital he may have available for re-establishment.

In innumerable cases we have financed the reestablishment of business by a liberal line of credit when we were satisfied on the answers to these questions. Very, very seldom have we regretted our action.

It is my conclusion that one of the greatest personal satisfactions the work of credit management offers comes from assisting some merchant who has been literally wiped out by flood, cyclone or other catastrophe, to get back on his feet. The gratitude of such a merchant is invariably expressed in the sales volume we receive from him in the future.

We do not back every case where trouble develops in such a rehabilitation program, but in the large number of cases that we have gone into we are satisfied our experience has justified our taking the chances and that the entire program has substantially contributed to the successful distribution of our organization, as well as its profits.

D. E. CROSS has a record of 45 years of service with the Belknap Hardware & Manufacturing Company of Louisville, Ky., starting as a messenger and working in every department. Born on a farm in Graves County, he joined Belknap after graduation from high school. He went on to complete an accounting course, shorthand and typing at Bryant-Stratton Business College, and then a law course at night at the Jefferson County School of Law.

Mr. Cross is now chairman of the board, Dehler Brothers Hardware Company, as well as vice president and treasurer of Belknap.

Active in educational and civic interests, he served three years as trustee of Georgetown University, four years as president of the Kentucky Home School for Girls, one as head of the Community Chest. His eldest son is a director of the Belknap company.

Legal Rulings and Opinions

Bulk Sales Law Interpreted

After many instances of observed misunderstanding of the scope, intent and benefit of the Bulk Sales Law, the following interpretation evolved from the educational instruction part of a meeting of the Burlington (Iowa) Association of Credit Men, as reported in the association's Bulletin:

"It must be borne in mind that all this law requires of the purchaser is that he (1) take an inventory of the items which he proposes to purchase, (2) secure a full list of the seller's creditors, and (3) give seven days notice to such creditors listed, or to other creditors known by the purchaser, of the intended sale and terms thereof.

"Attention is particularly called to the fact that the buyer is not required to see that the creditors are paid. The notice is only for the purpose of giving to the creditors an opportunity to take such action to protect their interests as they may feel proper before the sale is consummated at the end of the seven day period."

No Tax on Liquidation Sales

The U. S. Supreme Court has approved the decision of the U. S. court of appeals at San Francisco which held that the California sales tax cannot be applied to liquidation sales made by a trustee in bankruptcy.

In this case George T. Goggin, as trustee for the West Coast Cabinet Works, Inc., of Los Angeles, had declined to pay a sales tax on transactions during the liquidation of the cabinet works. The opinion held that collecting taxes on liquidation sales was "unconstitutional harassment" of a trustee performing his duty in a bankruptcy court.

Merger Law Aid to Small Firms

The Anti-merger law, which bars acquisition of both stock and assets of a company when such merger would tend to lessen competition or promote monopoly, will be administered to protect insolvent companies and will not be invoked in cases of sale because of impending bankruptcy, according to Joseph E. Sheehy, anti-monopoly executive of the Federal Trade Commission.

Only if a sale is such as to reduce competition will the commission prosecute in cases of small concerns, with ownership in one or a few individuals, which desire to sell the plant at the right time to get needed cash for inheritance taxes rather than after owner's death under distress circumstances.

Mr. Sheehy's statement was prompted by an order from James M. Mead, Commission chairman, that enforcement was to be tightened.

Prompt Report of Card Loss

A provision printed upon an oil company's credit card, that "if customer fails to promptly notify" the company "in writing of the loss or theft of this card, it shall be conclusively presumed its use by the bearer is with the customer's permission," is a reasonable and valid condition, the Florida supreme court held in denying an appeal from the circuit court.

"This practice (courtesy cards) is well established and its soundness is attested by the wide use the cards have attained," the court stated. "The object of such requirement (of prompt reporting of loss or theft) is to enable the company to promptly warn all dealers in the card territorial area . . . we hold the defendant is bound by such terms and conditions and must be held liable for the merchandise secured by the thief under the circumstances reflected in this record. His inadvertence cannot absolve him."

You can always tell who pays the bills around an office. He's the old-fashioned fellow who turns out the lights that are not being used.

—Dakota County Tribune, *Farmington, Minn.*

Brokerage Clause in Action

An interesting case involving the brokerage section of the Clayton Anti-Trust Act, as now included in the Robinson-Patman Act, has just been filed by the Federal Trade Commission against two food concerns in Washington. These are the Carpel Frosted Foods, Inc., and the District Grocery Stores, Inc. The Carpel company is the producer and seller of frozen foods and the District Grocery Stores Inc. is a non-profit corporation that acts as a purchasing agent for 275 retail grocers in the Washington area.

It's the claim of the F.T.C. that District Grocery Stores, Inc., was a purchasing agent controlled by the stores having membership in the corporation and as such was not entitled to a broker's commission, or discount, as paid by the Carpel Frosted Foods, Inc.

This case is based upon Section 2, known as the brokerage clause, which sets forth a definition as to who is a broker. The F.T.C. charge is based on a report by its investors that District Grocery Stores, Inc., did not operate as an independent jobber but merely as a buying agent for the store unit represented in the corporation.

O.P.S. Upheld in Capehart Case

The Supreme Court has declined to review a decision of the emergency court of appeals against the Safeway Stores, Inc., and in favor of the Office of Price Stabilization. This chain had sought to compel the O.P.A. to raise selling prices on various food items sold at retail. In its suit Safeway Stores sought an upward adjustment of prices under the Capehart amendment. O.P.S. declared that the Capehart amendment did not apply to retailers. The emergency court of appeals ruled against Safeway and the Supreme Court refused to review that decision.

Exemption from Sales Tax

Tennessee's general sales and use tax does not apply to materials and supplies sold to independent contractors who are working for the U. S. Atomic Commission, the U. S. Supreme Court has ruled. The question if the Commission's statutory exemption under the Atomic Energy Act extended to companies under contract has also been before 14 other states' legal authorities.

Chapman Likes Oil Ruling

The opinion of the U. S. Supreme Court that gave the federal government "paramount" interest in off-shore oil lands has the blessing of Secretary of the Interior Oscar L. Chapman. In a message to the annual meeting of the American Petroleum Institute in Chicago, the secretary said that "the time will come when this nation must rely in part on liquid fuels" derived from shale and by synthesis from coal, and he advocated that impetus be given to research for such production.

Berserk Unearned Cash Discounts

United Front Is Urged to End "Chiseling" on Both Sides

By CHARLES R. REID
Credit and Collection Manager
The Diversey Corporation, Chicago

The practice of granting unearned cash discount has become nothing more than a chiseling operation—chiseling on both sides—with the credit man in the middle, says Charles R. Reid. The answer? Use cash discount as it should be used, and the chiseler's bluff will be called. In the following article, written exclusively for Credit and Financial Management, the credit and collection manager of The Diversey Corporation, Chicago, gives the how and why.

DO THESE phrases have a familiar ring: "Please give this customer special discount terms,"—"so and so is through buying from us unless we let him pay every 60 days and still take the discount,"—"I pay my bills twice a month and if you don't like it—," "I can buy from so and so and pay whenever I like and still get a discount" . . . And so on ad infinitum.

This "threat" angle is disturbing and certainly has no place in business today—those in competitive lines are faced with this problem though—but just whose fault is it?

The subject has been of much concern to many for a long time. Initially, cash discount was conceived as a medium for getting prompt payment. Fifty or sixty years ago, and more, transportation was so slow that many business people were having trouble paying their own bills—overhead, salaries, etc.—because that cash was tied up in the hands of their customers, who for the most part darn well didn't pay until the material was received! This frequently took weeks.

Some bright young lad came up with the idea of giving *his* customers an "inducement" to pay sooner than his usual terms called for. If they did he would knock off a certain part of the bill. His customers had been waiting till the material arrived—via horse and buggy, wagon, oxcart, or what have you—before they paid, and as a result our enterprising businessman was suffering from want of cash.

His customers had been dealing with him for years and knew that his was a reliable firm, so when he came up with this "reward" idea those who were able and wise jumped at the chance to save the 5 or 10 percent.* This fellow's customers soon began paying even before the material was received, and because our young man got his money so much sooner he could afford to pay the discount and the customer was only too glad to save a few pennies or a few dollars. This, we are told, was the birth of cash discount!

Much has been written, pro and con, about the value of cash discount. There are also available some interesting figures disclosing rather thought-provoking ratios between discounts allowed and net profit. The Credit Research Foundation of the National Association of Credit Men has published a most enlightening study on the subject of "Invoice Datings and Discounts."

In extreme cases cash discounts paid each year have amounted to 300 per cent of net profit. It is, however, not my purpose to argue either side but to comment on a serious situation involving those people who are today paying 1 per cent and 2 per cent in the form of cash discount for nothing or almost nothing in return. I speak of lax unearned discount policies.

As originally conceived, cash discount was certainly a good idea and without question both customer and seller profited. Presumably we have cash discount terms for the same basic reasons today—in theory at least. In practice?

In cash discount we had and still have a good "medium" for facilitating rapid turnover of dollars, but because of weak and vacillating policies adopted, usually unconsciously, by many firms it has become, in many cases, a sales competitive weapon and nothing more.

Some say that we'd be better off to do away entirely with discount. Others want to keep discount terms which, properly used, benefit both supplier and purchaser. But those who are in a competitive line are afraid to "enforce" their policy; they steer away from being "too strict"; they are goaded by salesman and customer alike to acquiesce and meet the terms or the "liberal interpretation" of terms that the competitor has.

It is generally conceded that terms are taken into account in fixing prices, and if a supplier's terms are lower or "easier" his prices must be higher and vice versa, quality being equal. The customer who turns to another source of supply simply because he can get "better" terms is only kidding himself.

To offer more "liberal" terms, that manufacturer must make up the difference some place and he can do it only in the reduced quality of the product or service, or in the increased invoice price.

(Concluded on page 20)

**Cash discounts initially ranged anywhere up to 15 per cent, but it was only natural that competition and increased costs should reduce the cash discount today to an overall average of 2 per cent or less.*

Charles R. Reid, credit and collection manager, The Diversey Corp., with central offices in Chicago, was in the employ of the Public Service Company of Northern Illinois and the Commonwealth Edison Company before joining the industrial chemists concern in 1946 as credit correspondent. On January 1, 1948, he was appointed assistant credit manager and a year to a day later was advanced to his present post.

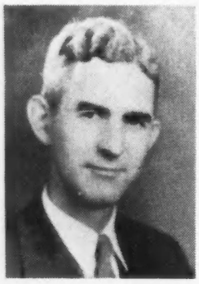
Born and educated in Joliet, Ill., he served the U.S. Signal Corps and Air Corps 20 months overseas, in New Guinea and the Philippines, in World War II.

Minimizing Taxable Income

Business Applications of Sound Tax Planning—Part Two

By JULIAN A. HAWK
Certified Public Accountant

EQUALLY important with the securing of maximum deductions is the ability to minimize taxable income wherever possible. The possibilities in this direction are as many and varied as with tax deductions. One of the most important of these which is familiar to every taxpayer is the securing of income through capital gains.



Under the Revenue Act of 1951 capital gains will tax at 26%, an increase of 1%, for years beginning April 1, 1951 or later. It appears that some effort to further increase the capital gains tax rate will be made in Congress for 1952. However, we doubt if any considerable further increase will result. In any event, the capital gains tax rate will still be very low in comparison with

Minimizing of taxable income and the salient provisions of the excess profits tax are discussed by Julian A. Hawk, of Arnold, Hawk and Cuthbertson, certified public accountants, Dayton, Ohio, in this second and last instalment of the address he gave before the National Association of Cost Accountants. Building upon his premise that sound business planning requires sound tax planning, Mr. Hawk emphasizes additional permissive ways to hold down the tax bill.

the corporation normal and surtax rate (52%) or the excess profits tax rate (82%).

One form of income limited to capital gains tax results from selling depreciable assets used in the business at a profit. Section 117(j) provides that such transactions are to be treated as capital gains.

If assets are no longer needed in the business, it would seem advisable to convert them into cash by sale and to pay only the capital gains tax thereon.

However, a new provision in the Revenue Act of 1951 requires gain on the sale of depreciable property between a corporation and a shareholder who controls 80% of the stock, to be treated as ordinary income instead of capital gain.

Leave Salvage Value as Protection

There have also been some efforts on the part of the internal revenue agents to disallow the capital gains privilege on profits from the sale of assets which had been fully depreciated. Their argument appears to be based on the fact that these assets, having been fully depreciated, are no longer used in the trade or business. It seems unlikely that such a contention can be sustained if the taxpayer can show the assets were being used or were being held for future use. However, it would seem to be good policy to never fully depreciate any assets, but to leave some salvage value as a protection against this possible contention by examining agents.

Another relief provision contained in the Revenue Act of 1951 was made relative to capital gains in connection with corporations subject to Section 102 penalty tax. This provided that income derived from long-term capital gains may not be included in Section 102 income and be subjected to further tax thereby. This provision would be very important where a substantial amount of cash received from the sale of capital assets made the corporation subject to the Section 102 penalty tax.

Liquidation or Partial Liquidation

Of course, the liquidation or partial liquidation of a corporation may result in a capital gain to the shareholders. Such procedure may sometimes be beneficial where the corporation has accumulated substantial amounts of liquid assets in order that the shareholders may draw down the accumulated profits on a capital gains basis. In this connection, it should be remembered that the 1950 Revenue Act introduced a new provision covering collapsible corporations. This amendment provided that gains from the distribution of property in the liquidation of corporations qualifying as such shall be

HOLDING DOWN THAT TAX BILL

Minimizing Taxable Income:

(1) Securing income through capital gains.
(2) Selling depreciable assets at profit. (Leave some salvage value by never fully depreciating assets, as protection against contentions of examining agents.)
(3) Exclusion of income from discharge of indebtedness allowed if corporation consents to corresponding reduction in basis of its properties.
(4) Dividend distributions in property instead of cash.
(5) Investment in natural resources or depletable assets.
(6) Corporation life insurance.

Excess Profits Tax:

(1) Some retroactive changes may create refund opportunities.

(2) Relief provided for corporations which by inadvertence had not acquired certain component corporations in manner to qualify with prior law in use of predecessor's base period earnings experience.

(3) Applicable ceiling reduced for new corporations during first five years they do business.

(4) Any corporation which has acquired another business since Jan. 1, 1946, should reexamine circumstances to determine if additional base period earnings credit may be available.

(5) All corporations formed in last half of base period automatically qualify for growth method of computation.

taxed as ordinary income instead of as capital gains.

These collapsible corporation provisions have been extended by the Revenue Act of 1951 to also cover corporations used to convert into capital gains the profits on inventories. However, it appears that the collapsible corporation provisions may be circumvented by the election permitted in another section of the code (Sec. 112(b)(7)) if complete liquidation is made within one month.

The provisions of Code Section 22(b)(9), which was to have expired Dec. 31, 1951, has been made permanent by the Revenue Act of 1951. This allows income from discharge of indebtedness to be excluded from taxable income if the corporation consents to a corresponding reduction in the basis of its properties. This is extremely important during excess profits tax years as a means of deferring taxable income to future years.

Another often overlooked method of minimizing taxable income is through the medium of dividend distributions in property instead of cash. If securities or other properties have appreciated in value so that the corporation would realize a substantial profit thereon if sold, a substantial tax saving could be effected if the asset were distributed to the shareholders rather than first being sold and the resultant cash distributed. No taxable gain results to the corporation from the distribution of property as a dividend in kind. The shareholder recipient reports it at the fair market value thereof. On the other hand, if the corporation first sold the property, it would have to pay a capital gain or other tax thereon. Upon distribution to the shareholders they would pay their tax upon the receipt thereof. This would result in two taxes instead of one.

Investment in Non-Taxables

Investment of funds in stocks or other non-taxable or partially non-taxable securities has great potential advantage to certain types of corporations. However, operating companies may not often have occasion to make this type of an investment. There is another kind of investment, though, from which the income is only partially taxable, that may prove to have definite advantages. This is the investment in natural resources or depletable assets.

There are many different kinds of natural resources which are given depletion and other allowances sufficient to render nontaxable a substantial portion of the income received therefrom.

Any corporation which has need for any of these natural resources in its business operations could possibly secure an assured source of supply and at the same time secure substantial tax benefits from the required investment. It, therefore, could represent an investment well worth considering in many specific cases.

There has been considerable discussion by the administration and Congress to the effect that these natural resources industries are receiving unfair tax benefits. It is always possible that future legislation might reduce them. Therefore, one should not count on all of the present tax benefits from these investments as being permanent.

The tax benefits resulting from corporation life insurance should also be given consideration during these high tax rate years. Proceeds of life insurance policies payable to a corporation as the result of the death of the insured do not constitute taxable income to the corporation. It thus offers an opportunity for funds to be available for the purpose of paying estate and inheritance taxes upon the death of a principal shareholder. These funds may be secured by the estate through a partial redemption of stock of the deceased shareholder under the provisions of Section 115(g)(3). In many cases this procedure might prove more beneficial tax-wise than for the shareholder to carry the same amount of life insurance on his own life and pay the premiums thereon out of funds received from the corporation in the form of salaries or dividends.

And now let's jump over to the excess profits tax which is applicable to corporations only.

Excess Profits Tax Study a "Must"

A working familiarity with the provisions of the Excess Profits Act of 1950 and the amendments provided by the Revenue Act of 1951 is almost a "must" for every corporation. These provisions are many and complicated but an understanding of them is necessary to be sure that the maximum excess profits credit is computed under the various available options, and that all proper adjustments are made to correctly compute the excess profits net income. It is particularly important to have some knowledge of the excess profits tax effect of transactions which may be entered into in the future.

The Revenue Act of 1951, passed Oct. 20, 1951, made important changes in the previously enacted code provisions. Most of these are retroactive to the years ending after June 30, 1950. It, therefore, follows that some of them may create refund opportunities for returns already

(Continued on page 24)

If Tax Reserve Insufficient—Too Bad!

"If small companies have failed to accumulate sufficient tax reserves," the Federal Reserve Bank's Business Trends *warns, "it could mean impairment of cash reserves, reduced dividends, and postponement of expansion or improvement programs in the early part of 1952.*

"It seems quite likely that many small business corporations are not as yet fully aware of how much their income tax payments will be increased in the first half of 1952 on income earned in 1951.

"The unanticipated increase in tax payments will stem from three features of present or pending legislation and may be summarized as: (a) the effect of high tax rates; (b) the retroactive feature of 1951 tax legislation, which will apply to perhaps nine months of the year; (c) the speedup of tax payments under the Mills plan, which will require payment of 70 per cent of 1951 taxes in the first half of 1952 instead of the 60 per cent which prevailed in 1951.

"Consumers are exhibiting considerable resistance to the prevailing level of prices. After very high first quarter retail prices trade settled back and has been on a fairly level basis for the past six months (the report was of October 13.—Ed.). In recent weeks retail sales have not risen seasonably as much as many retailers anticipated. The probable explanation is that consumers, generally, are remarkably well stocked with both durable and non-durable goods, and so have been able to postpone purchases and may be able to continue to do so for many months if they so desire."

Every Day Is Turkey Day Now

Record Crops Will Feather Producers' Nests

WHEN PRODUCERS, processors and allied interests work together in a common purpose, cause and effect also get together for profitable results. How the program to promote year-around consumption of turkeys has paid off in a big way is reflected in both the history-making production of 52,774,000 birds in 1951 and predictions that the crop this year will be even higher.

Vice President Dean McNeil of Pillsbury Mills, Inc., addressing the Feeder Finance group of the Minneapolis Association of Credit Men, told how the early 1951 statements of producers, that they intended to raise only 1 per cent more than in the previous year, were proved the height of understatement. Instead, the whopping increase was 16 per cent, the largest crop ever turned out and almost double the 1935-39 average of 27,006,000.

"This business of raising turkeys has really come into its own," Mr. McNeil said. "Production figures are astounding, and make comparisons with the past seem a bit unreal."

"The importance of demand in determining price levels is too often underestimated. Actually, the demand for a product is the most important factor determining prices over any long period of time. This is true of turkey prices as well as other prices."

Dean McNeil, vice president of Pillsbury Mills, Inc., with headquarters in Minneapolis, is business analyst and in charge of procurement for the company. Mr. McNeil frequently addresses the Feeder Finance meetings of the Minneapolis Association of Credit Men, and his business forecasts have a habit of being borne out by developments.

Another factor in prices is the current experience of plentiful supplies of other meats competing with turkeys for the consumer meat dollar.

The largest supply of pork on record during peacetime became available, following a spring pig crop approximating 64 million head last year, six per cent above 1950.

A broiler production total of some 750 million birds in 1951 represented a 22 per cent increase over the preceding year.

With the supply of choice grade beef slightly lower than in 1950, Mr. McNeil saw the offerings of all grades of beef "fully as big" as then. (The government after Thanksgiving Day ordered the 1,725 federally inspected slaughtering plants to give the armed forces first opportunity to buy the excess of beef killed in one month over the kill in the same month the year earlier.—Ed.)

More Beltsville Whites

"People will have more money to spend for food than ever before in history," the speaker said.

The 52,774,000 record turkey crop includes the number of Beltsville Whites raised. "While some of these Beltsville Whites are raised for the regular fall market, many of them are sold as broilers. For 1951 it was estimated that approximately 16 per cent of all the turkeys raised were Beltsville Whites," a four per cent gain over the 12 per cent of 1950.

The following table was presented by Mr. McNeil to show the Beltsville Whites percentage of the total number of turkeys raised in each area of the country in 1951:

	%
North Atlantic	**10.6**
East North Central	**9.6**
West North Central	**15.4**
South Atlantic	**40.7**
South Central	**8.0**
Western	**13.7**

Turkey production was above 1950 in all regions of the country. Mr. McNeil showed the percentage increases by areas as follows:

	%
North Atlantic	**10**
East North Central	**14**
West North Central	**8**
South Atlantic	**39**
South Central	**15**
Western	**15**

"While the increases are significant in all areas," Mr. McNeil said, "it is important to note that the West Central states—Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska and Kansas—show only an 8 per cent increase."

With the favorable storage season he saw a good demand for storage turkeys.

"When it comes to talking price outlook," he said, "we like to repeat the old adage that 'even the wise men sometimes go 'Eeny, Meeny, Miny, Mo.' Estimating the future is always a difficult and perilous job. This is particularly true in a year when you

have a possibly explosive international situation."

While predicting a 1952 crop larger than that for 1951, Mr. McNeil warned, "A word of caution is in order if we should come up again with a big increase in turkeys. There is a good possibility that production in many lines of business will catch up with and surpass demand sometime during 1952. This could result in people being laid off temporarily and a resultant decrease in purchasing power. If this happens, it could result in a lower turkey price in the fall.

Higher Prices for Feed

"More important from a profit standpoint, however, is the fact that high feed prices are expected during the spring and summer of 1952. Reserves will be depleted to the point where high prices seem likely. Turkey raisers will want to study this situation carefully in the spring before starting their 1952 operations. For the first time in several years there is a possibility that they might get caught between high feed prices on the one hand and lower turkey prices on the other."

The tendency toward earlier marketing, particularly pronounced in the South Central and Western states, was emphasized by Mr. McNeil.

Wise and Flexible Bank Credit Policy Antidote to Inflationary Pressures

Against the inflationary pressures that persist, bank credit policy must be built upon wisdom and flexibility and administered soundly in a working partnership of counsel with customers, speakers agreed at the National Credit Conference of the American Bankers Association. If it is not so applied, said President Fred F. Florence of the Republic National Bank of Dallas in summarization, Government banking by arbitrary regulation is the threatened alternative.

Herewith is a review-by-excerpt of the chief papers of the Conference in terms of general readership of these columns. The address of Henry H. Heimann, executive secretary of the National Association of Credit Men, who cautioned against extravagance as the most demoralizing influence on conservative business management, was quoted at greater length in the February issue.

WISDOM and flexibility are twin necessities of bank credit policy this year, as stabilizing factors for bankers as well as users of banking services, speakers agreed at the Fourth National Credit Conference of the American Bankers Association, in Chicago.

Summing up the discussions, Fred F. Florence, president of the Republic National Bank of Dallas, pointed out that the international unrest and our own defense program dictate that "banking must view its overall responsibility regarding lending in terms of the existing economic environment, difficult to appraise," and must recognize that responsibility by "giving wise counsel to customers."

The consensus of speakers was that while the situation contains both inflationary and deflationary elements, "inflationary pressures will persist to some degree in 1952," calling for "continued adherence to the principles of the voluntary credit restraint program."

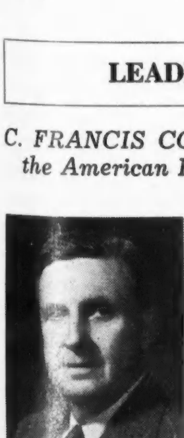
"If we ever lose the important function of entering into a partnership of counsel with our customers," Mr. Florence warned, "we shall expose ourselves to the danger of Government banking by arbitrary regulation."

"In administering all types of credit, we must bear in mind that soundness of credit and economic usefulness—fully understood by both banker and borrower—constitute the goals for credit policies in 1952."

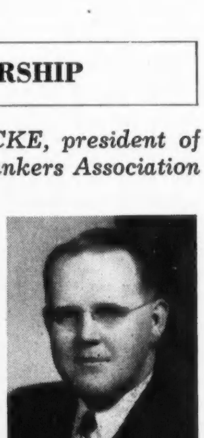
Following are underscorings from addresses given before the Conference:

LEADERSHIP

C. FRANCIS COCKE, president of the American Bankers Association and president of the First National Bank of Roanoke (Va.):



C. FRANCIS COCKE



JESSE W. TAPP

We are passing through one of the most perplexing periods of our nation's history. We do not know from day to day how much of our energies must be directed toward defense or war purposes, and how much can be set aside for regular civilian uses. We must be ready to meet any new requirements that the hand of international fortunes thrusts upon us.

Banking is a service industry. We must not—and shall not—abandon our leadership. Bank credit wisely applied will help us to carry through.

AGRICULTURE

JESSE W. TAPP, executive vice president, Bank of America, N.T. and S.A., San Francisco, Calif.

Bankers may expect to be called upon this year to supply a record volume of production loans to farmers and a continued high level of demand for credit to the handlers and processors of farm products moving into domestic and export markets.

Both bankers and farmers will need to continue the cautious practices of recent years with respect to long term farm mortgage credits. Farm land prices are at an all-time peak in most sections.

Maximum farm production is one of our best forms of insurance against progressive wage and price inflation in a defense economy. . . . The need for maximum production is especially great in corn and other feed grains, and cotton.

DEFENSE LOANS

T. W. JOHNSON, vice president, Security-First National Bank Los Angeles, Calif., and second vice president of Robert Morris Associates.

The know-how of the borrower is particularly important in this type of loan. Some banks have set up special departments to handle them. These credits are weak, compared to the ordinary pattern, and require the closest attention.

A few factors to be considered: the capacity of the borrower . . . good cost records . . . terms and provisions of the contract . . . budget and cash forecast . . . straight bank loan or "V" loan . . . contact with the borrower as to progress.

T. W. JOHNSON

DR. E. L. BUTZ

INFLATION

EARL L. BUTZ, head of the department of agricultural economics, Purdue University, Lafayette, Ind.

Mild price inflation is very likely for the next two years. The general level may advance 3 to 5 per cent,

(Continued on following page)

not as much as in the first year of the Korean war.

Twice in the last 18 months the average American has been prematurely stampeded into an unnecessary buying spree. It is doubtful if anything short of a total declaration of war will do this to him again.

If the marked tendency for consumers to save a large share of personal income continues through 1952, as it now appears likely to do, it will have a marked restraining influence upon upward price pressures. . . . One of the greatest restraining factors in the inflationary picture is the tremendous productive capacity.

By 1953, when military production hits the contemplated stride and begins to level off, we should be able to live without inflationary pressure from this source while still diverting some $50 billions annually to the military.

The standard of living may level off during 1952 but by 1953 it should be possible to resume the long time upward trend.

BUILDING

JOSEPH EARL PERRY, president, Newton (Mass.) Savings Bank.

A steadily increasing and shifting population, changes in tastes, discoveries of new building materials and the inexorable march of depreciation and obsolescence all contribute their pressures for more housing.

To an unprecedented degree the vicissitudes and influences of politics and government are overriding the normal forces of economics.

J. E. PERRY

C. S. MARTIN

FORESTRY

CLYDE S. MARTIN, chief forest counsel, Weyerhaeuser Timber Company, Tacoma, Wash.

There is no danger of a timber or wood famine today or in the foreseeable future. . . . The net growth of our forests has increased materially since 1944.

Why attempt to frighten the public by repeating over and over again, "We are depleting our saw timber forests 50 per cent faster than we are renewing them?" This apparently is a deliberately misleading statement.

American business can and will solve its own problems if left free to do so. We need less, not more, controls as applied by cumbersome and unwieldy federal bureaus.

POLICY ISSUES

DEWITT T. RAY, president, National City Bank, Dallas, Texas.

In the field of banking, inflationary credit expansion has been strongly discouraged and severely limited... Despite the progress made, there are inflationary biases in our economic system. On the other hand, we should not allow ourselves to be misled into confusing potential but preventable inflationary forces with actual, existing inflationary factors.

Cash farm income from the 1951 crop will be generally favorable.

On the other side of the picture, there are such factors as a probable decline in the volume of residential construction, substantially smaller expenditures for business inventories, the heavier burden of taxation, and the possibility the Government will approach a budget balance—on a "cash" basis—during fiscal 1952.

Selfish, individualistic motives dominated merely by profit-seeking cannot be permitted to influence the decisions.

COMMERCIAL

E. C. SAMMONS, president, The United States National Bank, Portland, Ore.

Business seems definitely better. Industrial production has turned upward.

We must continue to screen new credit applications, and we should see to it that borrowers pay back the money when it has served the purpose for which borrowed.

The banking system still has some margin to spare when it is loaned only to a level of 36.62 per cent. But if this rise should continue at the same rate for another five years, trouble will follow.

There will be ample opportunity in 1952 for commercial banks to lend all the money they wish to lend.

There is some hope that the latest revenue act can expire by limitation Jan. 1, 1954. We as bankers and financial advisers should plan to hew to that line. We must entrench ourselves against any further erosion in the value of our currency.

CONSUMERS

PAUL M. WELCH, vice president, The Citizens and Southern National Bank, Atlanta, Ga.

Instalment lending is a fundamental "Must" in our economy. Banking is now the major factor in this field.

Instalment lending—not consumer credit—is the proper mental approach. Soundly administered it creates a real savings factor.

At the level of the national manufacturer, instalment lending must present a national front through banks all over the country. The big banks must develop the understanding that a continuing market for financing durable goods at the local level is basic in our economy. We need and must have the confidence of the public.

PAUL M. WELCH

RUDOLF SMUTNY

LOAN DIVERSION

RUDOLF SMUTNY, .partner in Salomon Bros. & Hutzler, New York City.

I do not believe you can successfully combat inflation by monetary controls alone while the Government maintains a floor under commodity prices, only partially restricts wages, continues non-defense spending at an unprecedented rate, and pays life insurance dividends to veterans with National Life Insurance policies to the extent of $686 millions...

We can serve the country best by putting our house in order and setting an example for the Government by conducting our business affairs as an exemplification of the standard of restraint during inflationary times.

Possibly this is not a "shotgun wedding" but in any event we in the investment banking industry understand the "facts of life". When that shotgun goes off, it hits us all in the pocketbook, and that really "hurts."

Excess forward commitments of major life insurance companies can be reduced in a comparatively short time to normal proportions.

SELF-RESTRAINT

OLIVER S. POWELL, member of Board of Governors, Federal Reserve System, Washington, and chairman of the national committee for the Voluntary Credit Restraint Program.

Total business loans have risen only half as fast as a year ago. Defense loans have been rising, essential agricultural loans sharply. Other kinds have either not risen or declined. Essential loans have been made.

Recommendations: (1) Continue policy of conservatism; (2) obtain maximal seasonal payoff of loans in the months ahead; (3) strengthen operation of the program in individual institutions; (4) publicize the program among businessmen and the public in general.

CONCEPTS OF RFC

STUART SYMINGTON, administrator, Reconstruction Finance Corporation.

Not one loan approved by the RFC Board of Review was ever criticized by the Congressional investigating committees. Every loan criticized was one approved by the RFC board of directors only after the board had overruled its own review committee.

Following are some current policies laid down under which the organization now functions:

One of the first steps taken was the introduction of a uniform loan policy to govern the handling of all loans. The principle of full disclosure on all RFC loans became an operating principle . . . every loan must serve a public interest as well as a private need, and no loan should be made where financing could be had from private sources.

We do not and will not compete with the banks in any financing. We do not believe this Government corporation should operate as an investment trust. We have also begun to sell the long held capital obligations of banks.

LACTEAL LEANING

It is customary to milk a cow from the left side.

Does that explain the milking of the American economy? Leftists on the stools of authority?

—Anonymous

PRESIDENT OF I.B.M.

THOMAS J. WATSON, JR.

THE NEW president of International Business Machines Corporation, Thomas J. Watson, Jr., former vice president, succeeds John G. Phillips, who was elected vice chairman of the board and chairman of the executive and finance committee. Thomas J. Watson, Sr., chairman, continues as chief executive officer.

The younger Mr. Watson joined the company in 1937 as a junior salesman in the New York office. After flying 1,500 hours as an Army pilot in World War II, he returned to I.B.M. In 1946 he was appointed assistant to the executive vice president, and thereafter successively vice president, a member of the board and executive vice president.

Unearned Cash Discounts Called Two-Way "Chisel"

(Concluded from page 13)

Supposedly, discount terms are set by the supplier, not the purchaser. Considerations are: material costs, generally accepted terms in the particular industry, and expected profit margin. Supposing a firm decides on 10 day terms, why allow the discount if the check isn't received for 25 or 35 days? Assume the 10 day terms are supposed to apply to all customers, why then permit a "select" few to pay twice a month, or once a month, and still take the discount? The reason: "We've got to meet the competitive terms." So you make a concession. Then the customer begins thinking, "I got that okay—wonder if somebody else has even a better deal? Maybe I can go to so and so and get even more."

What is this vicious cycle anyhow? It's nothing more than *chiseling* and it's chiseling on both sides!

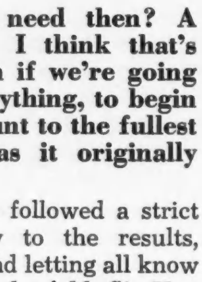
Although discount terms and discount policy are usually set by top management, it has become the credit man's lot to enforce those terms and that policy. Can anything be done about this present day "gratis" payment which in some firms amounts to nothing more than an automatic reduction in prices? It's much like price control, or parity, or taxes—most everyone agrees that these are necessary and healthy—except perhaps for maybe the individual's own back yard—*that's* different!

What do we need then? A "united front!" I think that's the only solution if we're going to accomplish anything, to begin using cash discount to the fullest advantage and as it originally was intended.

Those who have followed a strict policy will testify to the results, treating all alike and letting all know it, *calling the chiselers' bluff!* You might lose a few accounts, but, if more and more companies begin using discount as it should be used, the chiseler soon will end up having no choice except to seek out a quality product at that supplier's terms. If yours is a quality product, what have you to fear?

Smolin Heads N.Y. Credit Group Of Paint & Allied Industries

Morton Smolin, office and credit manager of the eastern office of the National Chemical & Manufacturing Company, was elected president of the Paint & Allied Industries Credit Group, affiliated with the New York Credit & Financial Management Association, at the annual dinner meeting.



Morton Smolin

Mr. Smolin had served the Paint & Allied Credit Group as a director from 1944 to 1950 and as first vice president during 1951.

Other officers elected were: First vice president, Theodore H. Kleine, Valentine & Company, Inc.; second vice president, Martin B. Weinstock, M. J. Merkin Paint Company, Inc.; and treasurer, William Rohs, Colonial Works, Inc.

Accountants are not exempt from salary controls unless Congress so decrees, the Salary Stabilization Board held.

HEADS GAYLORD

EDWIN J. SPIEGEL

Succeeding the late Clifford W. Gaylord, Edwin J. Spiegel is the new president of the Gaylord Container Corporation, St. Louis, Mo. Joseph M. Arndt, vice president directing sales, has been named to the executive committee. A. C. Goodyear is chairman of the board.

Mr. Spiegel, 57, vice-president and treasurer of the company since its formation in 1937, continues as treasurer as well as president. He is also a director and a member of the executive committee.

A native of Fort Wayne, Ind., he went to St. Louis in 1918 as an accountant with the firm of Ernst & Ernst. In 1920, he became associated with Robert Gaylord, Inc., a predecessor to the Gaylord Container Corporation. He was named treasurer of Robert Gaylord, Inc., in 1922.

Mr. Spiegel is president of the board of the Central Presbyterian Church and a member of the boards of the St. Louis Symphony Society, Westminster College, Manufacturers Bank and Trust Company of St. Louis, and the Metropolitan St. Louis YMCA. He is vice president and a board member of the Fairfield Paper & Container Company, Baltimore, Ohio, and the Dresden Paper Mills Company, Dresden, Ohio, and is on the directorate of the First National Bank in St. Louis.

Pittsburgh Zebras Active

Eleven new Zebras in the Pittsburgh area received their stripes at ceremonies presided over by Exalted Superzeb Bob Thompson. Grand Counselor Tom Sheriff officiated, assisted by Eastern Ranger John J. McCune.

TRENDS-- IN BUSINESS AND FINANCE

Chameleon and Pentagon

How THE VAGARIES of defense needs forecasts and estimates by the Government can uproot the civilian economy, brought out in the February issue by President Lorne D. Duncan of the National Association of Credit Men in the case of the lumber industry, is evinced at the local level by a case of revision of U. S. Air Force requirements.

Under a Government contract for production of 165 of the C-119 cargo packet planes by the Fairchild Engine and Airplane Company at Chicago's O'Hare International Airport, a $20 million rebuilding and equipping of the Government-owned plant at the field had been underway. Came a change of Pentagon program and an abrupt termination of the contract.

> *Clear-voiced Girl (in crowded bus to her friend): "I wish that good-looking man would give me his seat."*
> *Five men got up.*

With 800 employed at the Fairchild plant, plans called for a 12,000 payroll, though the situation had been further complicated by a ruling of the Wage Stabilization Board setting hourly wage rates at the O'Hare plant 18 cents lower than for comparable work in other plants in the Chicago area.

From the civilian industry standpoint, Sherman could well have included defense operations in his definition of war.

Lower Corporate Financing

CORPORATE FINANCING will decline this year, according to a survey by Halsey, Stuart & Company, from the $6.2 billions in 1951. Restrictions on construction constituted a chief reason for a drop of $500 millions in new state and municipal financing, from the 1950 record top of $3.7 billions.

Moral Cost of Welfare State

CHARGING that "the moral cost of the welfare state is more far-reaching and destructive to the character of more people than the corruption of morals and of character under any other form of government," Samuel B. Pettengill, Jeffersonian Democrat and former Congressman from Indiana, told the Christian Fellowship Forum that "unchangeable laws of human nature" always will vitiate a hand-out government. Three of these laws he cited as follows:

(1) "People are always more indifferent to waste and graft of public money than private"; (2) "only the individual has a conscience", the pressure bloc has none; (3) "men will always work harder to support their own wives and children than the unknown wives and unknown children of unknown men."

Attacks Unemployment 3 Ways

A THREE-PRONGED ATTACK upon the problem of increasing unemployment in certain industries, notably the auto field, has been undertaken by Government and Congress. Charles E. Wilson, defense chief, says emergency laws authorize a negotiated basis for military goods instead of the previously followed policy of engaging the lowest bidder. Officials from nine agencies, with Vice President R. E. Gilmore of the Sperry Corporation heading the move, were holding meetings to organize placement of defense work in distress areas. The Senate preparedness subcommittee was asked to make a comprehensive study of unemployment.

Integrated Marketing Attentions

INTEGRATED MARKETING, coordinating advertising and other tools to fit costs to expected profits, is on the upsurge in business management, says Sidney W. Dean, Jr., McCann-Erickson's vice president in charge of marketing. That puts squarely before advertising the responsibility of earning its oats by enhanced effectiveness in personal selling, promotion and merchandising.

Of the total $8 billions which consumer goods manufacturers are investing in these three forms of advertising, Mr. Dean notes, only 25 per cent is going into consumer advertising in general media, $4.5 billions into personal selling and $1.5 billions into sales promotion.

Shying Away from Showdown?

CHARGING that both management and labor have "refused to accept the showdown of permanently workable wage-price adjustment" and asserting that "the lavishness of New Deal spending and the hysteria of war spending have now somewhat subsided," Edwin G. Nourse, former chairman of the President's Council of Economic Advisers, told the Illinois Manufacturers Cost Association that America is "not on the brink of economic disaster."

Mr. Nourse warned that if all companies were to adopt the policy of many large concerns to set up large contingency or depression reserves they would be "making it certain that sooner or later such a depression would come."

Weakening National Economy

WEAKENING of the national economy, rather than strengthening, may be the result of the imposition of consumer credit controls when producers were equipped to meet consumer demand, says Thomas W. Rogers, executive vice president of the American Finance Conference, representing independent auto sales credit companies.

Even if resultant sales increased consumer debt, the use of that capacity would have put more goods in the hands of users as a hedge against possible future shortage and "diversion of purchasing power to the discharge of debts during a later period when we will have stronger inflationary forces."

> *"Blessed is the man who, having nothing to say, abstains from giving in words evidence of the fact."*
> —George Eliot

Question: Who Is a Capitalist?

THE SNIDE STABS at capitalism by so-called Americans who would sell their birthright of free enterprise for a mess of politicage run up against a telling kind of positive appeal in a series of advertisements in a 24-page booklet produced by the public relations department of the Armco Steel Corporation, under the

(Concluded on following page)

title "Raindrops of Understanding."

The "ismists" would not have made such inroads upon a gullible public had business over the years accented true definitions and shown that *any* person owning assets is a capitalist in fact.

Armco, in one example, cites the instance of a man in Middletown, Ohio, who has built his own home from the proceeds of carting waste paper from the stores and selling it to a scrap dealer. The moral: "Capitalism means individual opportunity."

Not a "Grain" of Truth in It?

PAGING DIOGENES! Multiplying the corruption hunts in varied fields is the series of Government suits filed against several western warehouse companies to recover Commodity Credit Corporation grain which somehow seems to have blown away like chaff. Charles F. Brannan, secretary of agriculture, in effect says it's witch-hunting.

Remember the childhood game, bushel o' wheat, bushel o' rye, all not ready holler "I"? Things being as they are today, the emphasis is on finding cover.

Formula for Price Raises

THE 150,000 small manufacturing and service companies may raise the price ceilings on their products if their total production costs the first half of 1951 increased more over the first six months of 1950 than their net sales rose. In the group are companies with net sales not more than $250,000 in their latest fiscal year ended not later than July 31, 1951.

Most Riders Prefer to Drive

THE FACT THAT the smaller the town the more its citizens depend upon private transportation may be attributable to more factors than the geographical distance from home to desk, perhaps especially under conditions of municipal ownership and the quality of service given the riders, though not exclusively so. For example, the "Letters" columns of the newspapers in Chicago, where the Chicago Transit Authority operates the elevated, subway and feeder bus lines, are replete with protests over infrequency of bus service, "dumping" of passengers and what-not, but riders' complaints are equally bitter in Minneapolis.

These conditions may also account in part for the fact that public transit systems carry only 26 per cent of the adult population of the United States. The figures are from the American Finance Conference.

However, such conditions and the complaints they engender are perhaps symptoms rather than the illness. E. Roy Fitzgerald, president of the National City Lines, Inc., operating transit systems in 40 cities, holds that economic surgery must develop a technique to separate the Siamese twins of declining traffic and increasing costs or many large cities face the prospect of losing their mass transportation systems altogether.

Unless capital can be attracted for modernization and expansion and the lines made self-sustaining on a sound fiscal policy, the movement of shopping centers to outlying areas will be speeded, says Mr. Fitzgerald, who calls labor "the greatest cost to the transit lines."

> **Making of an Executive**
>
> ***The wise executive is on the lookout for men who can relieve him of detail, fill in for him when he is absent, and contribute to constructive planning.***
>
> ***When a department ceases to function efficiently in the manager's absence, management is bad. Every head of a department ought to be able to leave his desk, even in times of crisis. If he can't, he hasn't the right kind of men working for him, or he has kept them too much in leading strings.***
>
> —Monthly Letter, *The Royal Bank of Canada.*

Threat to Municipal Securities

IMPAIRMENT of municipal credit is threatened by the trend in using it to finance construction of industrial plants to private operators, according to a report of the committee on municipal securities of the Investment Bankers Association of America.

Such use of municipal credit for an essentially private function gives ammunition to those who seek to put a stop to tax exemption on state and municipal securities, the committee argued, and that would weaken local government.

Committee members said this kind of financing of parking garages for lease to private operators was not necessarily a target, as parking may be a legitimate municipal function.

Middlemen Present Their Case

IF THE GOVERNMENT were to eliminate all middlemen from the procurement of defense material, medium-sized industry would suffer, witnesses told a hearing in Detroit conducted by a House subcommittee investigating "possible collusion" between assemblers of military vehicles and the companies that manufacture the component parts.

Said Earl J. Bush, president and general manager of the Diamond T Motor Car Company: Distribution of Diamond T truck parts, made by the company's suppliers, represented only 23 per cent of sales but 48 per cent of net profit.

John L. Shaffer, Government investigator, told the committee that the Army's tank-automotive center had paid out more than $300 millions in overcharges since 1949 in purchasing through middlemen. He charged that "contractors are controlling prices to the Government by refusing to bid on orders."

"Defeatist-Stagnation Approach"

ATTACKS on big business "reflect a defeatist-stagnation approach to the monopoly problem, and are an offshoot of the pessimistic economic philosophy of the depression years," Thomas E. Sunderland, general counsel of the Standard Oil Company of Indiana, says in the *Journal of Business* of the University of Chicago.

Improving the standards of living in peacetime "depends . . . on mass production which only large enterprises make possible," Mr. Sunderland said, and in wartime the big corporations alone can provide the extensive facilities needed for production.

The attorney said that in the development of antitrust laws "a rather deep-seated suspicion of big business has been taken advantage of by those who want to redesign the business and industrial setup in this country."

Flexible Price-Wage Control

Flexible temporary controls over prices and wages are proposed by the Committee for Economic Development in a report by its research and policy committee headed by Meyer Kestnbaum, president of Hart, Schaffner & Marx.

Three ways in which the flexibility would be achieved are (1) coupling wage ceilings to changes in living costs as measured by the consumers' price index; (2) relating farm prices above parity to the agriculture department's index of prices paid by farmers, and (3) regulating business prices by similar formulas reflecting only actual changes in major costs since a recent base period.

Ernest A. Rovelstad

Credit and Sales Are Twins; Amputate Either And Business Body Atrophies

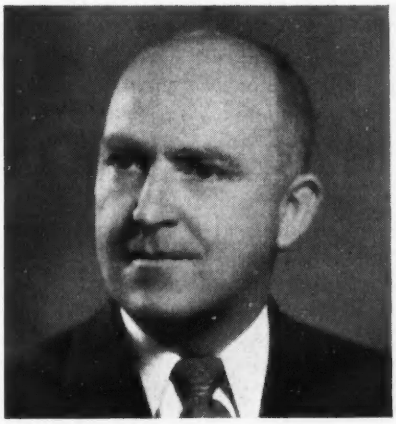
CREDIT and sales are two legs of the body economic; they cannot be separated or amputated, and the moment either ceases to function the business starts to atrophy. That's the word of a sales-credit executive who adds: the credit profession can *build* sales and *retain* them. To do so, however, Credit can profitably borrow a leaf from Sales.

Many possible areas of application of sales department procedure to credit operation were platted by Philip A. Mitchell, sales and credit manager of the Cullen Division, Household Fuel Corporation, New York. He was addressing the New England Conference of Credit and Financial Management, Providence, R.I., reported in the February issue.

Credit men who make a larger effort to get out into the field and meet the customers not only improve the company's standing but broaden themselves and carry home new ideas, Mr. Mitchell said. That contact extends profitably to the personal side with spoken or written recognition of events important to the customer, such as the launching of a new plant or store, the winning of civic honors, even an addition to the family or a wedding anniversary —and the anniversary of the opening of his account with the company.

"The quickest way to friendship in business," Mr. Mitchell told the credit men, "is to show an interest in the other fellow's business" and his activities away from the desk. "Have a hobby. Explore it and exploit it. It will be easier to foster the goodwill of your house with someone with whom you have something in common."

PHILIP A. MITCHELL, sales and credit manager of the Cullen Division of the Household Fuel Corporation of New York, was the president of the New York Chapter of the National Institute of Credit and is a past president of the Executives Association of Greater New York. Out of his experience in both credit and sales executive positions his comments on the parallel lines of operation of the two departments in the common interest of a company have a special significance.



PHILIP A. MITCHELL

The pulse of the credit executive's contribution to his company is skipping many a beat unless he knows the product and the material and labor that have gone into the making of it, said the speaker, who urged that the credit manager and his assistant should not only attend every meeting of the sales department but should ask the sales staff to train them in basic knowledge of the merchandise.

Furthermore, "you'll have the opportunity to explain your department's position, arrive at a meeting of the minds, and even make suggestions on sales policy from a credit angle. The initial sale often is the means of creating a most favorable impression for your house—or just the opposite."

The sharing of ideas through contact carries into association activity, Mr. Mitchell added. For example: "If every man pooled his ideas with his fellow members of the National Association of Credit Men he would get no less than 25,000 a year."

One medium for gathering ideas is the practice of asking questions, and "not along the line of 'Where is that operating statement you promised to mail us?' Personal questions make for good public relations and no one knows that better than the salesman," he explained.

Another source of benefit is a customer's complaint. "It gives you the opportunity to render a service to the customer; those who are dissatisfied and intend to buy elsewhere don't take the trouble to complain." Complaints are the credit man's business because "anything that interferes with the orderly operation of sale, delivery, receivable, cash is *your* business as well as that of the sales department." If complaints become frequent, "step down the hall and ask the sales boys, 'What's happening?' "

In discussion of handling people and conversing with them, whether or not in answer to complaints, Mr. Mitchell went into details, even to the choice of vocabulary and speed and volume of speaking. Thus:

"Don't try to run a 60-miles-per-hour rate of conversation into the mind of a person gaited at 35 miles," and "Don't bellow if the hearer is soft-spoken" but "Don't be soft-spoken if he bellows." And another: "Don't fill your letters or your speech with technical gobbledygook; be explicit."

Mr. Mitchell argued against arguing. "Nobody ever wins an argument," he said, "and the fellow who always wins arguments usually wins little else." (As the novice poker player's "I lost the farm but they couldn't bluff me."—Ed.)

"A man who is mad and in an argumentative mood has his blood boiling—literally and figuratively. Don't add to the boiling point by being combative or pugnacious. Hear him out. Don't say one single word until the floodgates are closed and no more water trickles through. Then go to work in a quiet and gentlemanly way and show that you take no umbrage, will try to help. In most cases you will have a fellow leave your office saying to himself, 'Now that credit manager is a real businessman.' "

Credit men's responsibility at the national level has at least these eight facets, the sales and credit manager said: "Make Government act as a good partner should," strive for a return to the gold standard, Constitutional law and public morality; live up to the N.A.C.M. slogan, "Vigilantia;" work for a balanced budget, and "as financial management experts, tell the people what is happening to their money."

filed for the calendar year 1950 or similar fiscal year returns. We believe a discussion of some of these provisions may be interesting and perhaps profitable.

No change in the basic excess profits tax rate has been made by the 1951 Revenue Act. It is still 30% of the adjusted excess profits net income, the same as before. However, an amendment changes the maximum tax computation, so that for periods after April 1, 1951 the maximum excess profits tax is 18% of the excess profits net income, with no reduction in the normal tax and surtax. Previously there was a combined ceiling on all taxes of 62% of the excess profits net income. For the calendar year 1951 the ceiling has been set 17¼% of excess profits net income. Fiscal year corporations will have to make computations under both methods for the periods before and after April 1, 1951.

Corporations using the income credit method are required by the new Act to reduce the percentage of base period net income from 85% to 83% for that period falling after July 1, 1951. This means that the percentage to be used by 1951 calendar year taxpayers will be 84%. Fiscal year taxpayers will have to apportion the period after July 1, 1951 to determine their effective percentage.

Another amendment which may have far reaching effects, and which is retroactive to all excess profits tax years, is that covering the use of predecessor's base period earnings experience in certain taxable acquisitions. Prior law provided that corporations acquiring certain component corporations in a tax free acquisition were entitled to use the base period earnings experience of the predecessor.

Many taxpayers felt that this operated unfairly against corporations which by some inadvertence had not acquired the component in such a manner as would qualify under the prior law. This inequality was brought to the attention of Congress and an attempt was made by them to give relief to this class of taxpayers. The previous law covering acquiring and component corporations was covered by Part II of the Excess Profits Tax Act. There is now added Part IV for the purpose of providing the relief discussed above in connection with purchasing and selling corporations.

In general, if a corporation purchases the assets of another corporation, partnership, or proprietorship, in a taxable transaction, the purchasing corporation will be entitled to use the base period income experience of the seller.

It appears that this base period earnings experience of the transferor can only be used under the general average method, and is not to be used in connection with various relief sections of the excess profits tax law.

Regulations will be issued covering the application of this section. Until such a time as they are issued the law itself will have to be interpreted to try to understand its application. In order to qualify, the transaction must have occurred before Dec. 1, 1950. The assets must have comprised substantially all the properties of the transferor, or they may constitute only a part of the properties if they compromise substantially all the properties of a separate business unit, and if the other properties were otherwise disposed of in a liquidation plan.

The business acquired must be operated by the purchasing corporation from the date the transaction occurred to the end of the taxable year in which those benefits are claimed unless it transfers these assets in a transaction qualifying under Part II. This is to prevent the use of the base period credit of the seller in case the purchaser liquidates the assets.

Excess Profits Tax Relief
Seen As Outcome of Survey

Tax relief for banks from the disadvantage in working out excess profits taxes because of their comparatively low earnings during the base period is seen as a possible result of a survey of 1,600 banks being made by the Federal Reserve.

C. Francis Cocke, president of the American Bankers Association, in a letter to members, urges them to cooperate in the study and requests suggestions for amendments to the excess profits tax law, and comments.

This amendment would seem to require that every corporation which has acquired any other business since January 1, 1946 should reexamine all the circumstances surrounding such acquisition in order to determine whether or not additional base period earnings credit may be available to it as a result of such acquisition.

It is possible to foresee that there may be some cases where it may be very difficult at this time to secure all of the information concerning the base period earnings experience of the selling corporation, partnership, or proprietorship. For instance, where such seller has now been out of business for several years, it is possible that the records will have been destroyed. However, it would seem advisable that an effort be made immediately to locate all such records as might be helpful in determining whether any relief is available under this new Part IV section of the excess profits tax law.

The new law gives another break to new corporations which commenced business after July 1, 1945. This amendment reduces the excess profits tax ceiling applicable to these corporations during the first five years in which they do business. Instead of the 18% ceiling which is now applicable to other corporations, this amendment provides that for new corporations, limited to the first $300,000.00 of excess profits net income, the ceiling shall be as follows:

1st or 2nd year, 5%; 3rd year, 8%; 4th year, 11%; 5th year, 14%; Thereafter, 18%.

Any amounts of excess profits net income in excess of $300,000 are to be figured at the ceiling tax rates applicable to other corporations. However, for fiscal years which began before April 1, 1951 that portion is to be figured at 15%, while the portion after March 31, 1951 is to be figured at 18%. The calendar year 1951 is figured at 17¼%.

Restrictions on Applying Section

There are certain restrictions which must be understood in connection with the application of this Code Section 430. In the first place, a new corporation is considered to have started when it commenced business and not when it was incorporated. If a corporation is entitled to the base period earnings experience of a predecessor in a Part IV transaction, it will be considered to

have commenced business when the predecessor commenced business. The same applies to a corporation from which the taxpayer acquired properties at a substituted basis.

The substitute existence of the predecessor must also be taken into account in the case of several other different kinds of acquisitions where the same stockholder group owned at least half of both the old and new corporations. The requirement that the predecessor's existence must be included may usually be disregarded if the assets acquired from it constitute less than 20% of the taxpayer's total assets as of December 1, 1950.

This ceiling tax on new corporations is not available to a corporation whose gross income consists of more than 50% of sales which are renegotiable as determined by the Renegotiation Act of 1951. The $250,000 exemption for renegotiation under the Renegotiation Act of 1951 is not to be considered in the application of this limitation.

Prior law limited the use of the growth formula to corporations which commenced business before the beginning of their base period. The present law removes this limitation and provides only that they begin business before the end of their base period.

The growth formula is an alternative method of computing base period income by considering only the earnings in the latter part of the base period. It is ordinarily based on the excess profits net income for the last year of the base period, the average of the last two years in the base period, or the last half of 1949 and the first half of 1950, the latter to be weighted at various percentages based on the date of the fiscal year ending.

Opens Door to Higher Credit

This amendment means that all corporations formed during the last half of the base period will automatically qualify for the growth method under Sec. 435(e) because qualification depends on comparisons between the first and last halves of the base period. If last half payrolls are 130% of those for the first half or gross sales are 150% of the first half, the corporation automatically qualifies. This amendment opens the door to a higher excess profits credit for many corporations and it is also retroactive to all excess profits years.

Under the 1950 act a corporation with a fiscal year ending on Jan. 31, Feb. 28, or March 31, 1950 could use the 48 months ended that date for computing its average base period income under Sec. 435(d). Corporations with fiscal years ending

after that date were required to use the four years from Jan. 1, 1946 to Dec. 31, 1949. This has now been amended so that corporations with fiscal years ending after March 31, 1950 may use the 48 months ended March 31, 1950 if such use results in a lesser tax.

However, if the fiscal year ends after June 30, 1950, the income for the first quarter of 1950 must be weighted downward in a manner similar to that used in computing under the growth formula in Section 435 (e)(2)(E). This procedure may not be used for any base period credit computation other than the average income method. This amendment is also applicable to all excess profits tax years.

One of the most attractive tax avoidance moves has been slowed down considerably by a new amendment in the Revenue Act of 1951. I refer to the disallowance of the $25,000 surtax exemption and the $25,000 minimum excess profits tax credit in the case of corporate split-ups after January 1, 1951, the principal purpose of which is to obtain such tax benefits.

These exemptions will be denied if property is transferred to a corporation formed for such purpose or not previously active in business, and if the transferor corporation or its stockholders "control" the transferee during any part of its year.

The new code section 15(c) provides that these exemptions shall not be denied if by clear preponderance of the evidence the transferee corporation shows that the securing of the tax benefits was not the major purpose of the transfer. It appears that this may be a difficult assignment in most cases.

TOLL OF NEGLIGENCE

Fire took 12,518 lives last year in the United States and Canada, the National Fire Protection Association estimated, and U. S. fire losses were the worst ever: $823.5 millions, $47 millions more than in 1950. Of the 1950 total, $742 millions was to buildings and contents.

Apportionment by Commissioner

If the surtax exemption and excess profits minimum credit are disallowed, the Commissioner has the right to apportion these credits between the two corporations, although this appears to be entirely discretionary with him. This section clearly states that it does not apply if cash is transferred to the new corporation for stock. It is to be assumed, however, that the cash would have to be used to acquire assets other than from the transferor if trouble is to be averted.

There are other important amendments applicable to banks, television broadcasting companies, insurance companies, income from foreign subsidiaries, consolidated newspapers, security dealers, companies which had catastrophes in the base period, and many others which should be carefully investigated by any taxpayers who might be affected thereby. Many of these changes, as well as those discussed in preceding paragraphs, can result in substantial refund opportunities. It is hardly necessary to advise that every taxpayer should check his situation to see whether or not any apply to him. Even though refunds are not available because no excess profits tax was paid, the unused excess profits credit carry-over might be increased for subsequent tax benefit.

Conclusions from the Discussion

This discussion, at best, can only be said to be scratching the surface of things to be examined in connection with planning for the effect of taxes on business. There are innumerable other fields which could also be discussed. Perhaps the discussion we have had here could be summarized by three points.

(1) Taxes are now very high and probably going higher. Most of the further increases must come from the low and medium income group. High taxes contribute to the inflationary cycle, in that tax increases result in price and wage increases, which in turn necessitate further tax increases. Unless this trend is soon stopped, it may break down our whole economic system.

(2) Planning for taxes requires eternal vigilance. The minimization of taxes depends upon securing maximum deductions in the high tax rate years, minimizing taxable income by proper planning, securing maximum excess profits credits and adjustments by a thorough knowledge of the law, claiming refunds where available by new laws, and otherwise considering the effect of taxes on prospective or future transactions.

(3) The field of tax planning is a natural one for accountants, both private and public. Their value to the management of business can be greatly increased if they are well informed on the tax laws and the effect of tax laws on business planning. In this connection I think I can do no better than to repeat the advice given by S. C. Allyn, president of The National Cash Register Company, in a talk to an accounting group a few years ago. He said: "You are in the right field, at the right time, with potentially, at least, the right product." In this case, I would say the product would be knowledge concerning the effects of taxes on business planning.

IS HE CLARIFYING a point raised at the morning session of the Illinois Regional Credit Conference or emphasizing the climax of a story? Left to right: J. I. Stang, credit manager, Foote Bros. Gear and Machine Corp., conference committee chairman; F. E. Gibson, treasurer, the Graybar Electric Co., Inc., New York, formerly the district credit manager; and R. J. Moudry, credit manager and general office manager, Revere Camera Co.

Californians Laud O. H. Walker On 25 Years as Secretary

The following tribute to Otis H. Walker, widely known among the membership of the National Association of Credit Men, was published in the CM News:

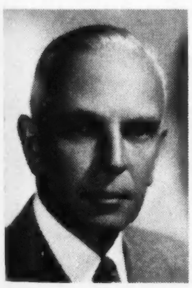
"The members of the Board of Directors join with the officers of the Credit Managers Association of Northern and Central California in an expression of hearty congratulations to Otis H. Walker, who on Dec. 31, 1951, completed 25 years of service as executive manager-secretary of the association.

"The zeal with which Otis has worked, his ever friendly attitude and unimpeachable loyalty have contributed vastly to the success of the association during the quarter century just completed.

"We all look forward to many happy and fruitful years for Mr. Walker."

Credit Men of 5 States Confer in San Francisco

With "You and Your Business" as the theme of each session, a wealth of valuable information was presented to credit executives from five states by speakers of national note, in general discussions and by focused solutions of business problems at industry group meetings, at the three-day Pacific Southwest Credit Conference in San Francisco, at the St. Francis Hotel.



B. F. EDWARDS, JR.

Lorne D. Duncan, president of the National Association of Credit Men, addressed the Conference on the closing day.

Henry H. Heimann, executive vice president of N.A.C.M., set the pace for the discussions with his address at the banquet on the opening night.

Under the overall direction of President B. F. Edwards, Jr., and the direct guidance of Vice President F. U. Naylor, general chairman, the Credit Managers Association of Northern and Central California was host at the conference. Jointly sponsoring the event, which drew a large attendance, were member associations from Albuquerque, El Paso, Denver, Fresno, Los Angeles, Oakland, Phoenix, Sacramento, Salt Lake City, San Diego, Stockton and San Francisco.

A wide range of experience, operational programs and viewpoints, and indications of what to expect from the national and sectional economies were drawn upon by the speakers, including financial editors, panels of bankers, insurance men and foreign traders.

D. M. Messer, vice president (western division) of the N.A.C.M., was among the Conference speakers.

Proposed N.Y.C. Gross Receipts Tax Called Threat to Business

The credit of small businesses would be hurt if a New York City gross receipts tax up to 1 per cent were to supplant the 3 per cent city sales tax, in the opinion of President R. G. Woodbury of the New York Credit & Financial Management Association.

Mr. Woodbury, re-scoring the Association survey which had shown inventories still heavy in many lines, price resistance, slower collections, and reduced non-defense orders and backlogs, declared a gross receipts tax also would hurt larger firms.

SHOULD SALESMEN COLLECT ACCOUNTS? *(Continued from pages 8-9)*

Barnhart Says Credit Department Should Carry the Full Responsibility

(Concluded from page 9)

but at the same time everything possible should be done to keep sales resistance at a minimum.

From the standpoint of a well organized credit and collection department, it is only through its direct contact with the customer, whether by mail or personal call, that the department can be kept fully and accurately posted on accounts wherein collection problems arise.

Having authorized credit extension in the first place, the credit department logically should carry the full responsibility for proper turnover by directing, through trained personnel, appropriate and effective collection effort. To delegate any portion of this responsibility to other departmental employees is to lose this control and lay the groundwork for later misunderstandings, confusion and ultimate loss of customer goodwill.

How Many Salesmen Collect Accounts and Retain the Customers' Goodwill?

J. E. COX, *General Manager, Baker-Mitchell Company, Charlotte, North Carolina:*

FROM the credit man's viewpoint perhaps nothing could be finer than to work with a salesman who always would collect his accounts. But how many salesmen can collect a past due account and keep the customer's goodwill? Granted this is greatly dependent on the training of the salesman and the customer, I still have known only two or three good salesmen that were good collectors.

I think there are several reasons for this. First, the salesman's primary interest is sales. That's his bread and butter. In most instances he doesn't make any more money by collection of a delinquent account and he does run the risk of offending a customer.

Secondly, most salesmen are not sufficiently schooled in credit work to determine what degree of pressure should be brought to bear on a past due account. This is a decision that always must be made, for certainly the risk varies. The only way to avoid it would be to set a hard and fast rule regarding terms of sale. Our credit men would then be clerks and collectors, not credit executives.

Thirdly, the credit department is more effective in making collections than the sales department, with rare exceptions. The training and thinking of the credit men have equipped him to evaluate a situation and weigh the risk with a greater degree of accuracy than can be expected of a salesman.

The foregoing does not mean to imply that a salesman never should collect. Occasionally he can do the job effectively but, by and large, his job is selling. Credit should be extended and accounts collected by the credit department.

Depends upon the Product, Distribution Methods and Monthly Dollars Involved

R. W. JOHNSTONE, *Credit Manager, Norton Company, Worcester, Massachusetts:*

AFTER 34 years of experience devoted principally to three major, but entirely different, lines of manufacture, I am now convinced that it is impossible for me to make a flat statement that salesmen should or should not collect accounts. I believe a decision of this sort can be determined only by the type of product, method of distribution and the average monthly dollars involved in the accounts in question. To clarify my position a little, let us study the industries with which I am most familiar.

In the manufacture of pharmaceuticals, our annual sales volume to 12,000 accounts was $30 millions. Each account averaged $2,500 yearly, which meant many accounts of relatively low monthly volume. In such an industry, the salesmen effectively are trained to collect accounts, on the theory they are in the territory regularly and it would be too expensive to send credit men to do the job.

The problem is more difficult to solve in highly technical industries such as leather tanning or the manufacture of grinding wheels and machine tools. In industries such as these, other factors must be considered.

Here management will most likely conclude that the sales engineer will have all he can do to keep abreast of technical changes which directly affect his job, and that he should have the least possible contact with accounting and all of its ramifications.

Then, too, it will be found that in such industries the value of each account is much greater, and that generally the number of accounts is fewer than in the case of pharmaceuticals. Under such circumstances, it is difficult indeed to have a good collection job done by sales engineers who are not primarily trained or interested in the job to be done and may destroy the goodwill of the account by an inept approach.

In such industries it is good economics to send a well-trained credit man to collect the account.

Adams Says Real Salesman Will Help See Transaction Through to Completion

(Continued from page 8)

I believe a real salesman feels that his responsibility does not end with the sale but continues through completion of the transaction. When a salesman knows his credit manager is working with him in extending credit, he cannot help reciprocate when the occasion arises for him to assist the credit manager.

In this day of commissions, bonuses, quotas, etc., it becomes almost compulsory for the salesman to watch collections for his own benefit.

Making a collector out of a salesman can be very much overdone. I am opposed to such a condition, which in its last analysis is probably the credit manager's fault. However, in the normal course of business, with close cooperation between credit and sales, I can see no reason why the salesman should not collect accounts if called upon to do so.

Salesman Collecting Past Due Account Averts Arteriosclerosis of Distribution

PAUL J. VIALL, Treasurer, The Chattanooga Medicine Company, Chattanooga, Tennessee:

SHOULD salesmen collect accounts? Yes, definitely, if the question is limited to past due accounts.

Here's why. A salesman is not just an order taker, nor is he just a hired man, if he is worthy of his calling. He is trustee for an important area of his principal's distribution. In a very real sense he has a business of his own for which his principal has furnished all the capital and performs all the functions other than those performed by him in managing his territory.

Reasonable performance of his trust and intelligent self interest require that he keep open and active every channel of distribution from the largest artery to the smallest capillary.

He is responsible, in his own interest and that of his big partner, for maintaining a condition for maximum flow of his company's life blood. That means doing all the things that contribute to "winning friends, etc.," and certainly includes sound business treatment of delinquent accounts.

Delinquency is a symptom of sclerosis of the arteries of distribution. It impairs health. It can be fatal.

Personal attention of the salesman, in the regular course of his calls, to maintaining maximum observance of terms is a necessary antidote to credit abuse and good insurance for the wellbeing of both the territory and the salesman.

Grocery Company Insists Salesman Collect Purchases of Previous Week

H. O. LEWIS, Credit Manager, H. A. Marr Grocery Company, Denver, Colorado:

OUR COMPANY believes each salesman should collect accounts. We have a policy that each salesman must collect in full the previous week's purchases, otherwise that customer will be shipped *collect on delivery.* This gives each salesman the status of a representative and ambassador of goodwill.

I know of no one better qualified to represent our company than our salesman. And I know of no one who realizes better than a salesman that it is his responsibility to sell and collect, if he is so trained. That is the first part of our salesman's training: to be able to collect for that which he has sold. We all know there are several phases of selling; the last and most important phase is the collecting for that sale.

Any person with a good gift of conversation, a likable personality, with a product superior to his competitor's or with price below his competitor's, can get rid of his company's product. But it takes a good person with the traits listed, *plus* training in collections, to make a salesman in our organization.

Therefore, when the sales department teams up with the credit department, trains its salesmen and insists they do the collecting, then you have absolute accord between the two departments. And we all know that the credit department is just as important as the sales department.

Salesmen-Collectors Hold Credit Losses To a Minimum and Do a Faster Job

O. E. SMITH, JR., assistant secretary, controller and office manager, Biggers Brothers, Inc., Charlotte, North Carolina:

I AM VERY familiar with salesmen collecting accounts, and from experience and facts am convinced this is a very logical function of the salesman. A concern using salesmen to collect has held credit loss to a really enviable minimum. This has been done even though a large percentage of customers consists of moral risk.

The record was achieved mainly through making an indelible impression upon the salesmen that a sale is not complete until collected. These salesmen also are aware that an uncollected sale kills the profit value of several equal sales.

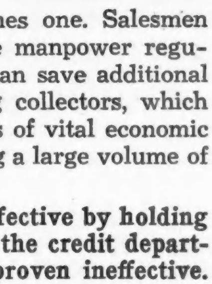
Economy is also a paramount feature in following this collection procedure, because these salesmen have sold themselves to the customer and can do a collecting job faster.

Collection problems encountered by salesmen bring a better understanding between the salesman and the credit department and avoid wastage of valuable selling time on a customer whose credit does not justify the sale. By the same token, he avoids the discouragement that follows rejection of orders.

Salesmen Closest and Most Competent Contact Between Company and Account

EDWARD P. COHAN, Credit Manager, Blake Moffitt & Towne, San Francisco, California:

THE PREMISE that salesmen are poor collectors is faulty. We consider the salesman the closest and most competent contact between ourselves and the account. In handling collections, knowledge of the customer's habits, long acquaintance and friendship are advantages too valuable to be overlooked. The psychological disadvantages cannot be disregarded.



Payment should be discussed between salesman and customer in the same way as merchandise and service. Collection should not be magnified by overemphasis, making it an issue before it actually becomes one. Salesmen represent a large source of available manpower regularly contacting the accounts. They can save additional credit department expense, including collectors, which in this day of ever increasing costs is of vital economic importance to the wholesaler servicing a large volume of small accounts.

Collection efforts can be doubly effective by holding in reserve the personal attention of the credit department until the salesman has been proven ineffective. When we finally step in, the average customer responds with payment.

The effect is much the same as when the credit department makes the initial approach and then turns the matter over to a collection agency. Full development of this system creates closeness between sales and credit and in time may even serve to eliminate the ulcer as the accepted heraldic emblem of the credit man.

(Reports concluded on following page)

Salesman's Personal Call Upon Account More Important Than Collection Letter

L. D. MILLER, Credit Manager, Schoellkopf Company, Dallas, Texas:

YOU OFTEN hear it said, and it is certainly true, that a successful credit man must be sales-minded. The parallel situation definitely holds true for the salesman. He should be collection-minded.

The salesman and credit man must, above all, work together to obtain complete success and harmony. This teamwork must include complete cooperation; otherwise obstacles will appear that may mean loss of business, loss of valuable accounts and, most important, injury to goodwill.

Many times the salesman can help or save goodwill for his company by following through faithfully on collections. The successful salesman's personal call to make a collection is by far more potent than a collection letter from the credit department.

Account Started Right Will End Right And Salesman is Territorial Manager

RAY J. SLATTERY, Credit Manager, The Morey Mercantile Company, Denver, Colorado:

IT HAS been wisely said many times that a sale is not completed until the merchandise has been paid for. Start the account right and it will end right.

In our firm we make it a definite part of the responsibility of our salesman to collect for the merchandise he sells, thereby making him manager of his territory.

When the salesman has become acquainted with his customers and has been properly trained, it becomes an automatic business transaction that he collect the account with a smile. It has been proved to our satisfaction that the best salesman is also the best collector.

Making the salesman responsible for collections enables him to sell the risk or marginal accounts and increase volume distribution. It results in closer relationship between the salesman and the customer. The easiest account to sell is the one that owes nothing, and prompt collection resulting from the salesman's visit will enable him to get immediate shipment of all orders he writes.

BIOGRAPHIES OF THE DEBATERS

H. PARKER ADAMS, assistant treasurer and purchasing agent of Stevens Walden, Inc., Worcester, Mass., has been associated 35 years with this company, which operates in the field of mechanics hand service tools and socket wrenches. Mr. Adams is vice president of the Worcester County Association of Credit Men.

V. C. BARNHART is credit manager of The Mine and Smelter Supply Company, manufacturers and distributors, with offices in Denver, Salt Lake City, El Paso and New York City. Mr. Barnhart is a past president of the Rocky Mountain Association of Credit Men.

IRL D. CLARK, Credit Manager, Janney Semple Hill & Company, Minneapolis, Minn., has long been active in credit association interests. This is attested by the facts that he is a past president of the Minneapolis Association of Credit Men and at present is councilor.

EDWARD P. COHAN, for the past six years, has been general credit manager of Blake, Moffitt & Towne, San Francisco, operating branches in Oakland, Stockton, Fresno, San Jose, Sacramento and Santa Rosa, California, and Reno, Nevada. (It might be added that he is now only 32 years old.) In those six years he has revamped the credit policy of the company, which deals in paper and allied products, and has installed the latest operating equipment.

J. E. COX, recently promoted to general manager of the Baker-Mitchell Company (wholesale plumbing, heating and industrial supplies), Charlotte, N. C., started as a salesman for a national food distributor. In 1943 he turned to office work and advanced to office manager and credit manager of the Mack-International Motor Truck Corporation's district office. He resigned in 1948 for the position of credit manager of Horne-Wilson, Inc., in Charlotte. He became a member of the Baker-Mitchell family July 1st of last year as general manager.

OWEN S. DIBBERN was western division manager of the National Association of Credit Men when he left to take the position of general credit manager for the Paraffine Companies, Inc. (linoleum, felt base floor coverings, roofings, paints, gypsum board, etc.), with headquarters in San Francisco, a large plant in Oakland, and additional branches and plants in many cities. The company recently took the new corporate name of Pabco Products, Inc.

R. W. JOHNSTONE, credit manager of the Norton Company (abrasives, grinding wheels, grinding and lapping machines and allied products) has been in the credit field for more than 30 years: with the United Drug Company, A. C. Lawrence Leather Company, as assistant credit manager; and 11 years with the Norton Company, Worcester, Mass., credit manager since May, 1951. He is a graduate of Boston University and the N.A.C.M. Graduate School of Credit and Financial Management.

H. O. LEWIS, credit manager, H. A. Marr Grocery Company, Denver, Colo., reports on the collection problems peculiar to a concern operating in the wholesale grocery area. His company has offices in Denver, Colorado Springs, Pueblo and Sterling, Colo.; Omaha, Nebr.; Enid, Okla.; Amarillo, Pampa and Plainview, Texas; and Clovis and Roswell, N. M.

L. A. MCWHORTER, credit manager of the Miller-Smith Hosiery Mills, manufacturers with headquarters in Chattanooga, Tenn., has a full record of activity in organized credit work.

L. D. MILLER, credit manager, Schoellkopf Company, Dallas, Texas, bases his conclusions on 10 years of service of credit and collections. He is a 1952 board member of the Dallas Wholesale Credit Managers' Association, Inc.

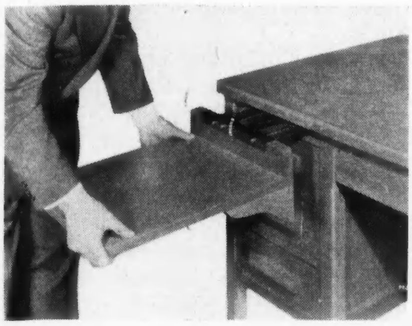
RAY J. SLATTERY, credit manager of The Morey Mercantile Company, wholesale grocers and food manufacturers, Denver, started with the company in the credit department 32 years ago (St. Patrick's Day, he writes, and that's fair enough.) In the Rocky Mountain Association of Credit Men he has served as a director and vice president and has been membership chairman four years.

O. E. SMITH, JR., in the multiple offices of assistant secretary, controller and office manager, with credit management under his supervision, of Biggers Brothers, Inc., Charlotte, N. C., started with the company as a bookkeeper 17 years ago. He has been a resident of Charlotte since he was 11 years old.

PAUL J. VIALL, treasurer of the Chattanooga Medicine Company, nationally known concern in the field of pharmaceuticals, is an organization man at both local and national levels. He is a past director of the National Association of Credit Men, and membership work has been one of his special attentions, on the committee of the National Association of Credit Management, Inc., Cherokee Unit.

Modernizing for Office Efficiency

introducing new office equipment and systems to effect economies in labor and costs, as well as to speed production of essential office work



Right-O-Left Platform

A device which in seconds will convert any standard single or double pedestal office desk with an 11½" to 14" pedestal opening to a typewriter desk, has been put on the market by the Hoosier Desk Company, Jasper, Ind.

With typewriter desks short in supply because of the ever-increasing shortage of steel mechanisms, the Right-O-Left Typewriter Platform would seem to bring one solution to that problem. It is easy to install or remove with only a screwdriver, clamps on quickly without damage to desk, offers a rigid surface for the typewriter, and has no mechanical parts to get out of order. The platform is said to provide two-thirds more drawer space than any pedestal typewriter desk mechanism and comes in oak or walnut finish.

Rotating Desk Top File

A 500-card desk-size spinning file, which takes less space on your desk than a telephone, has been introduced by Rotodex Company, 3005 Elm St., Dallas 1, Texas. Both sides of 3½" x 2¼" cards are equally usable and completely visible without removal from file. The device is

easily removed for writing, typing, etc., and is arranged for quick alphabetical and datical reference. A choice is offered of many different rotary filing systems completely set up, printed and ready to use on this rotary card file. It also can be hung on the wall in a convenient place. Refill cards are available. The file is of baked enamel finish on a steel frame and base. It's surprisingly inexpensive, for its capacity for handling detail.

It "Tapes" Dictation

Applying the tape-recording principle to office dictation equipment, the Permoflux Corporation, 4900 W. Grand Ave., Chicago, has produced a machine designed to make business letter writing faster, easier and more economical.

A feature of the Scribe is its magazine load, especially valuable in offices having a large volume of dictation. When a half-hour dictation has filled the tape reels in one magazine, the secretary simply lifts off the magazine and replaces it with another in a matter of seconds, so the letter writer continues with little interruption. Meanwhile the secretary can type the letters which have been dictated into the first magazine.

The tape may be used repeatedly, since today's dictation is wiped off the tape automatically when you dictate tomorrow, thus making the machine economical to operate.

When writing to the makers of these products please mention that you read about them in CREDIT AND FINANCIAL MANAGEMENT.

Makes Dry Photocopies

Dry photocopies can be produced almost instantly with the Auto-Stat—and without messy developing, fixing, washing and drying. The Auto-Stat is based on the principle of automatic developing and fixing, and enables anyone, without special training, to produce clear black-and-white photo-exact copies of any original in any office in less than 30 seconds. Since it occupies no more space than a typewriter, it can operate on a part of a desk top; and it requires no darkroom or running water setup, and creates no fumes.

Papers, documents or originals can be copied on the Auto-Stat regardless of whether the original is printed on one or both sides or on opaque or translucent paper. Letter and legal size copies, as well as larger ones up to 11" x 17", can be handled, in normal office use, at a minimum of 100 copies an hour.

The machine has a gray hammerloid and black wrinkle finish and is constructed of stainless steel. While operating on an AC motor, DC motor can be secured at slight extra cost. For further details write American Photocopy Equipment Company, 2849 N. Clark St., Chicago 14, Ill.

For A Quieter Office

In the full sense of the word, Kil-Klatter typewriter pads will make the office quieter. They are scien-

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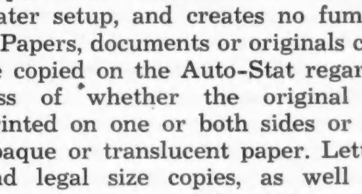


For a Quieter Office *(concluded)*

tifically designed to absorb the shock and deaden the noise of typing, and are constructed of long-life Ozalite felt, with skid-proof bottoms and dent-proof tops.

The pads help to quiet other office machines, too, and the use of such a device tends for greater efficiency and for more pleasing working conditions. They can be obtained at office supply dealers or by writing the American Hair and Felt Company, Merchandise Mart, Chicago 54, Ill.

New "Intercom" System

A new intercommunications system, adaptable to a wide range of time and labor saving uses in industrial installations, offices, stores, factories and institutions, has been put on the market by the Talk-A-Phone

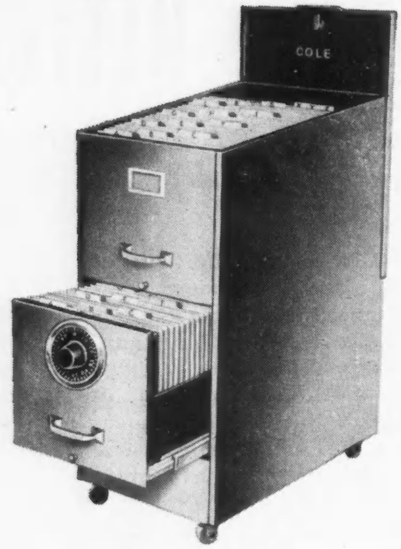
Company, 1512 S. Pulaski Road, Chicago, Ill.

Incoming calls may be answered, without manual operation, from a distance of up to 40 feet from any master station or sub-station. Master stations may talk to each other, sub-stations may be called selectively or exclusively of any master station, and any master may be used privately or non-privately at its own option.

Master stations are equipped with talk-listen switches, stand-by, station selectors and volume control; staff stations require no manual operation.

Double Safety for Records

A new Cole Portable File with a large combination lock has just been announced with immediate delivery promised. Important documents may be doubly safeguarded as in a bank vault through the use of the heavy combination dial lock. No key is available or necessary since only the owner knows the dial combination. The file can be used as a work organizer and a pull drawer letter file combined. The upper compartment



with lift cover is for current records and visible data.

Made of heavy gauge furniture steel and equipped with ball bearing suspensions, four swivel casters and a spring compressor, the file has a guide rod operating in a depressed groove for eyeleted guide, and lock and key are provided for the upper compartment. The new product is available in olive green and Cole gray, or, at a slightly higher cost, in grained walnut, mahogany or knotty pine finish, and in letter or legal size. For a folder write Cole Steel Equipment Company Inc., 285 Madison Ave., New York 17, N.Y.

Instantaneous Stapling

The new Staplex is entirely automatic, freeing both hands for the work, which can be fed as fast and as freely as you wish. There is no fixed timing or operating cycle. Since it is portable, only weighing 12½ pounds, it can be moved freely from one desk, job or department to another, and it plugs into any electric outlet.

Stapling position is quickly adjusted by turning a knob, and since the stapling point is always visible, work can be handled accurately and neatly. Reloading is a matter of seconds by slipping strips of standard type staples in from the front without removing a single part.

For complete bulletin covering business office, mailing room and

duplicating department applications write The Staplex Company, 68-72 Jay Street, Brooklyn 1, New York.

***SPACE SAVING** is the object of the **Four-in-One Desk Unitizer** manufactured by the Kraus Company of Stevens Point, Wis. Under Arrangement No. 1 a minimum of 14 per cent floor space saved is noted; with four executive-type desks placed in a rectangle. In Arrangement No. 2 (above) 17 per cent saving of space is claimed by placing the four desks on an axis, with four frosted translucent partitions, 18" high, center post, four shelves attached as indicated. Floor area 100 sq. ft. using 34" x 60" desks; 83 sq. ft. using 30" x 50" desks.*

Guides to Improved Executive Operation

Keeping Informed

MACHINE TOOLS AND THEIR HAZARDS—Bulletin prepared by the U. S. Department of Labor suggests ways to reduce the number of accidents to those who use machine tools. Write Superintendent of Documents, Washington 25, D.C. Price 15c.

CONFERENCE SENSE—How to make a conference work; a guide to useful conferring, with illustrations. Write Superintendent of Documents, Washington 25, D.C.

COMPANY POLICIES AND PRACTICES—Written by a top authority, this is available from the American Management Association, 330 West 42nd St., New York, N. Y. Price $1.25.

PROCEEDINGS, THIRD ANNUAL CONFERENCE OF COUNCIL OF PROFIT SHARING INDUSTRIES—How do you start a profit-sharing program? That and many other questions are answered in this booklet, which contains practical information and comment on how various companies handle profit-sharing plans. Write Council of Profit Sharing Industries, First National Tower, Akron 8, Ohio. Price $2.50.

THE WOMAN AND HER BANK—This booklet is intended for distribution by banks to women customers, to participants in women's finance forums, and to members of women's clubs. It follows a theory that "the woman is very often the family money manager." Write American Bankers Association, 105 W. Adams St., Chicago, Ill., for more details on this 23-page booklet.

THE ECONOMY OF THE MONEY SUPPLY—Explanation of expansion and contraction of bank reserves, origin and creation of money, debt management, and inflation control, brought up to date by the Economic Research Department, Chamber of Commerce of the U. S., Washington 6, D. C. Price 50c.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them.* CREDIT AND FINANCIAL MANAGEMENT *does not have copies available.

To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, *33 So. Clark St., Room 1538, Chicago 3, Ill.*

EFFICIENCY TIPS

183—Mosler Safe Company offers a free booklet giving latest authentic information and suggestions on how to protect vital records.

▼

184—McBee Company's free brochure explains the "Payroll Poster," which gives a complete record for each employee from check to journal to employee's record card in a single writing.

▼

185—Minnesota Mining and Manufacturing Company's new 16-page booklet illustrates twenty ways that tape recording is saving money, materials and manpower. Entitled SOUND IDEAS FOR BUSINESS AND INDUSTRY, it tells of the solution of a variety of problems in record keeping, sales training, time and motion studies, communications, etc.

▼

186—Executone, Inc., will send you either of its booklets, RELIEVING OVERCROWDED SWITCHBOARDS or KEEPING PEOPLE AT THEIR WORK, explaining a method of speeding your inside calls by direct voice-to-voice contact.

▼

187—Celotex Corporation offers 25 QUESTIONS AND ANSWERS ON SOUND CONDITIONING—quiet and comfort for every office worker through the use of acoustical materials in the office.

▼

188—Philip Hano Company has a new 8-page folder, FOR YOUR HANDWRITTEN RECORDS, which illustrates and describes all the autographic registers and accessories they manufacture. It illustrates and points out many applications of products already in use.

▼

189—Westinghouse Electric Corporation provides A PLANNING GUIDE FOR COMMERCIAL AIR CONDITIONING: what five vital functions should air conditioning perform; what should be expected from such a system; what factors should be considered in planning.

Book Reviews

FOREIGN TAX AND TRADE BRIEFS. By Walter H. Diamond. Price $25. Matthew Bender & Co., 443 Fourth Ave., New York, N. Y.

✦ A working manual for businessmen concerned with foreign investments and trade is now available in the form of a loose-leaf book. This 260 page volume is a compilation of the taxation and trading laws in the 64 countries of the world where United States dollars most frequently are invested.

The data are the product of six years of research and are presented for each country under ten headings: individual, partnership or business profits, corporation, capital, dividend, remittance and dollar limit transfer, revenue, sales, real estate and miscellaneous taxes. A one-year upkeep service makes the contents current; supplements will be distributed bimonthly.

The author is foreign economist for a New York commercial bank.

BUDGETARY CONTROL. By Rautenstrauch and Villers. Price $5. Funk & Wagnalls.

✦ The backbone of good business management is a carefully planned budget, discussed in this book. All divisions of an organization are considered, but the importance of their interrelation is stressed as an essential managerial tool.

SPEAK UP, MANAGEMENT. By Robert Newcomb and Marg Sammons. Price $5. Funk & Wagnalls, 153 E. 24th St., New York, N. Y.

✦ In 14 chapters the authors discuss management communications, employee handbooks, annual reports (a suggestion to speak up in them), bulletin boards, employee publications, visual aids, etc. It is not written as a textbook but as something that a novice in communications will study, and the oldtimer will want to use to be sure he really knows the answers.

Books reviewed or mentioned in these columns are not available from* CREDIT AND FINANCIAL MANAGEMENT *unless so indicated. Please order from your book store or direct from the publisher.

UP THE EXECUTIVE LADDER

W. Wesley Gilmour, credit manager of the Boston Varnish Company, Inc., Boston, Mass., is now a member of the board. Mr. Gilmour has served as chairman of the credits and collections committee of the National Paint and Varnish Company for several years. He is also a director of the Interchange Bureau of the Boston Credit Men's Association.

Paul F. Deckmeyer, credit manager, Fort Wayne Corrugated Paper Company, Fort Wayne, Ind., has added the responsibilities of controller.

A. P. Buetow, general manager of Magnecord, Inc., Chicago, has been elected vice president. Mr. Buetow continues to direct the credit and collection activities.

Arthur K. Johnson, advanced to a vice presidency in the Revere Electric Manufacturing Company, is also secretary.

John J. Rauh has been transferred from credit management, Firestone Tire & Rubber Company, Detroit, Mich, to divisional credit management at Akron, Ohio. F. W. Green succeeds him as credit manager in Detroit.

The New York Central Railroad elected E. Ellsworth Pancost as treasurer, succeeding G. H. Howe, retired. Ernest G. Jerome has been appointed assistant treasurer, succeeding Mr. Pancost.

Lloyd R. Loewen succeeds the late Frank A. Froendle as treasurer of the Midvale Company, Philadelphia, Pa.

James A. McDonald has been elected treasurer of the National Broadcasting Company, New York City.

Alver E. Peterson is now the controller of Brainard Steel Company, a subsidiary of Sharon Steel Corporation, Sharon, Pa.

E. L. Blaine, Jr., vice president, Peoples National Bank of Washington, First Avenue Branch, Seattle, has been elected to the board. Mr. Blaine is a past president of the Seattle and the National Association.

Robert L. Purcell, advanced to treasurer of the Ekco Products Company, Chicago, has been controller of the company since he joined it in 1947 and now combines the duties of both offices.

Before becoming associated with Ekco, Mr. Purcell was controller of the International Detrola Corporation of Detroit, Mich., and previously was with the firm of Ernst & Ernst, public accountants. He is a member of the Controllers Institute and the Illinois Society of Certified Public Accountants.

R. L. PURCELL

H. C. HAGERTY

Harry C. Hagerty, elected to the board of directors of the National City Bank of New York, is the financial vice president of the Metropolitan Life Insurance Company, New York City. Mr. Hagerty is also a director of the Erie Railroad, the Long Island Lighting Company, and the Rochester Gas & Electric Corporation, and a trustee of the East River Savings Bank, New York.

W. Roy Hennie, assistant secretary, Textile Banking Company, Inc., and vice president of the New York Credit Men's Adjustment Bureau, Inc., has been appointed a member of the Passaic County Rent Advisory Board by New Jersey's Governor A. E. Driscoll.

Justin Howeler has been promoted from assistant vice president to vice president and cashier of the Jefferson Trust & Savings Bank, Peoria, Ill. Mr. Howeler is president of the Peoria Association of Wholesale Credit Men.

The secret of promotion and progress has never been more truly expressed than in Abraham Lincoln's famous resolve: **"I will prepare myself, and my chance will come."**

Robert A. Young, assistant cashier of the Commercial National Bank, Peoria, Ill., has been elevated to assistant vice president.

The Willard Storage Battery Company, Cleveland, has elected C. E. Murray president to succeed S. W. Rolph, who continues as a director. Mr. Murray formerly was executive vice president. D. N. Smith was named to that post, and Jay S. Hudson was elected secretary.

Donald C. Lahey has succeeded Robert Shears as assistant cashier and manager of the credit department of the American Trust Company, San Francisco. Mr. Shears is now associated with the Citizens National Trust and Savings Bank of Riverside, Calif.

Walter U. Reisinger was appointed director of finance and Hans M. Stoessel treasurer of the Remington Arms Company, Bridgeport, Conn.

Morse G. Dial, executive vice president and treasurer of the Union Carbide and Carbon Corporation, New York, has been elected a director of The Prudential Insurance Company.

John N. Cosgrove, elected secretary of the American Insurance Company, Newark, N. J., succeeds J. Paul Rutter, who was advanced to vice president. Mr. Cosgrove joined American as public relations director in 1947 and was made assistant secretary in 1949. Mr. Cosgrove formerly was editor of the American Agency Bulletin, official publication of the National Association of Insurance Agents, and later insurance editor of the *Journal of Commerce*, New York.

Enno W. Schraft of Reo Motors, Inc., Lansing Mich., is now controller of the company.

Frank S. Smith of the First National Bank of Altoona, Pa., and vice chairman of the Altoona Credit Club, has been advanced to cashier.

Miss Ethel Bemis, vice president of the Cleveland Credit Women's Group, has been named assistant secretary of the Cuyahoga Spring Company.

ASSOCIATION NEWS

Highlighting Activities National, Regional, Local

Houston Ready to Welcome N.A.C.M.

FROM A SLEEPY little village to an industrial giant fronted by what is called the No. 2 port of the nation, all in little more than a century—that's the spirited story of America's Bagdad on the Bayou—Houston, Texas, host city of the 56th Annual Congress of The National Association of Credit Men, May 11-15.

Now the largest city in the South, and fourteenth in the nation, Houston began 1950 with a population of 594,321, according to the U. S. Bureau of the Census.

Houston was founded in 1836, shortly after the Battle of San Jacinto, and was named after the colorful General Sam Houston, hero of the battle which freed Texas from Mexico, and first president of the Republic of Texas.

A City of Free Enterprise

The city is a vivid representative of the nation's free enterprise system — modern-minded, self-reliant, vigorous, hospitable and considerate.

Since World War II, more capital has been invested in chemical plants in the Texas Gulf Coast region than in any other chemical producing region in America. In 1947, says the most recent Census of Manufacturers, one out of every six dollars spent in America on chemical plants was used in the Gulf Coast.

Retail sales in Houston, 1930, approximated $197 millions. Ten years later the total was $215 millions. The 1950 mark exceeded $860 millions. Bank clearings skyrocketed from $1,676,258,764 in 1930 to $11,922,307,013 in 1950.

More Than 100 Major Plants

The Port of Houston, at the head of a 57-mile man-made deep water channel, carries more traffic than most great natural ports of the nation. The spectacular development has spawned an "avenue of industry" which includes more than 100 major plants with upwards of a billion dollars invested. Oil refineries, synthetic rubber plants, a steel mill, pipe mills, and diversified industrial might of many other types, line the Houston ship channel. Thirty-eight chemical plants produce approximately 100 industrial organic and inorganic chemicals.

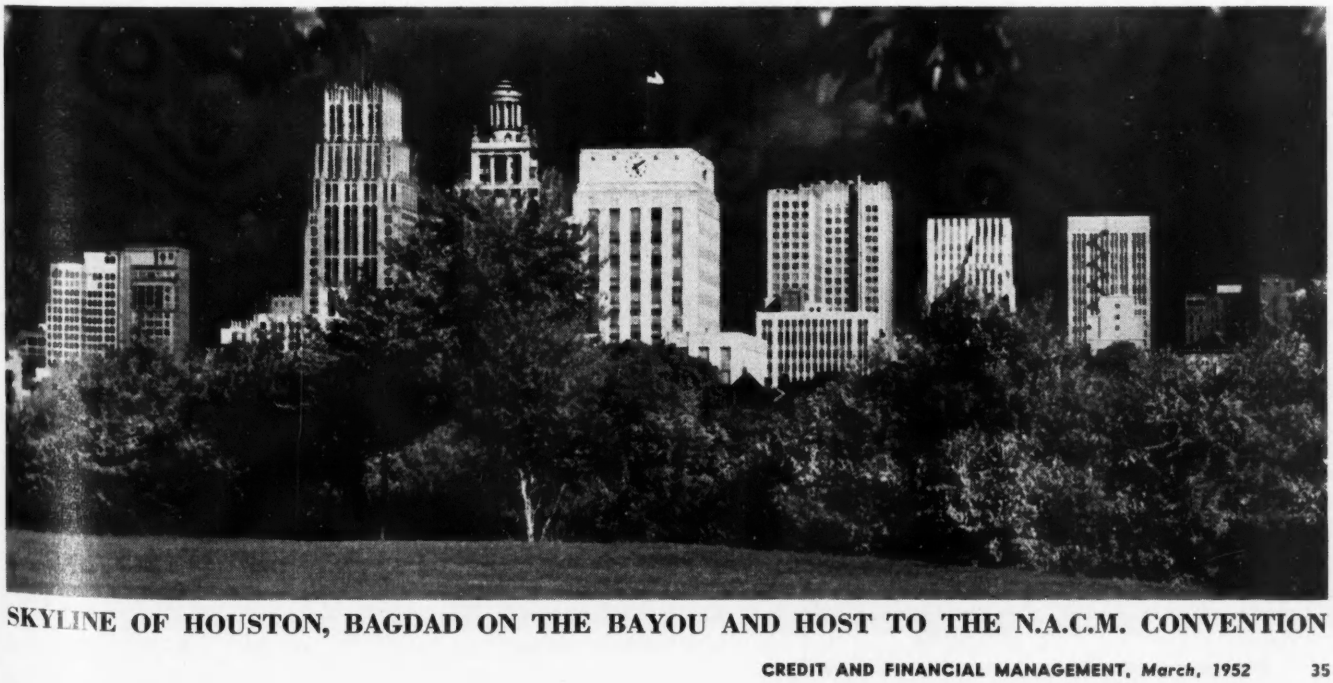
Houston's business is served by six main trunk-line railroads, a modern airport, and the water port. The highway system includes the 50-mile Gulf Freeway to Galveston, a concrete and steel project.

Tribute to Community Spirit

Within a radius of 100 miles are 268 fields producing 200 million barrels of oil a year. Ringing the city are 14 of the greatest oil refineries; within Houston are said to be more oil companies and allied industries than in any other city in the world. Houston has an abundance of natural gas for industries and the home.

But Houstonians do something besides work. They make the most of the city's 62 municipal parks and playgrounds, four municipal golf courses, miles of bridle paths, numerous swimming pools, tennis courts and other recreational facilities. Country clubs dot the city and surroundings. The recently completed Rice Stadium seats 70,000 and can be emptied in nine minutes. There is space for 40,000 more seats.

(Concluded on page 37)



SKYLINE OF HOUSTON, BAGDAD ON THE BAYOU AND HOST TO THE N.A.C.M. CONVENTION

Industry Meeting Programs Are Set for a Flying Start

By CHAIRMAN J. K. PRANTER
Metal Goods Corporation, Houston, Texas

WE'RE LOADED! I mean it! The Industry Meeting programs are crystallizing into final form for the 56th Annual Credit Congress the National Association of Credit Men, to be held in Houston, Texas, May 11-15. Many plans are already complete; others are fast reaching that stage.

These meetings may not be effervescent with oratorical talent, but you are assured you will have available the most experienced and best informed sources of credit and financial knowledge obtainable. Our efforts have been directed more to the search for able discussion leaders than for masterful public speakers.

All 26 Industry Meeting programs will be highlighted with panel and open forum discussions. That is why we know that all who attend the Credit Congress will have the fruits of intelligent advice offered for solution of some of their current and every day problems.

Most of the individual Industry Meeting Committees have finished their agenda without any assistance from the General Committee, and the members of the General Committee are proud to have been able to help when called upon. We were fortunate in that many capable speakers and discussion leaders are residents of Houston and have offered their services freely.

The greater part of the programs will be activated by leaders in the business world from every section of our United States. One of the Industry Meetings expressed an interest to present more information about V Loans. For their meeting, we have been able to obtain the best authority in the country on that subject.

Industry Credit Meetings have become the credit executive's staunchest friend. In your local association and at the National Credit Congress, you roll up your sleeves and get to work. As with all the other good things in life, you will derive benefits in proportion to your contribution. Support your Industry Meetings and note well what you receive in return.

By this time, you should have made your plans to attend the Congress. If your registration and your reservations have not been taken care of, won't you please attend to it now, so that you will not miss the welcome which we Texans wish to extend to you? Call in your secretary right now and have her attend to the details involved in getting yourself all set for this big event. Don't forget to include the wife in your plans. The nice things in store for the ladies will be something she will long remember.

Texans seldom brag — much!! However, I cannot resist the opportunity to tell you that the sun is shining brightly from an almost cloudless sky. In Houston the thermometer asks you what temperature you like. If it's like that in January, you know it must be Heaven in May. We have the red velvet carpet ready for you.

A MEMBERSHIP DRIVE for the final months of the fiscal year of the Boston Credit Men's Association is underway following a "kickoff" meeting of the committee. Shown (right to left) are Leonard A. McEvoy, of the United States Plywood Corporation, chairman; William C. Hall, Sylvania Electric Products, Inc., association president; and Henry J. Lamb, executive manager of the Boston association.

CREDIT WOMEN'S SPEAKER

MISS HELOISE BROWN

Distinguished Accountant To Speak at Houston

The Wholesale Credit Women's Club of Houston is eagerly completing plans to entertain the Credit Women who will attend the 56th National Credit Congress in Houston May 11-15. There are to be luncheons at the Rice hotel and at the Sky Terrace of Sakowitz Brothers' new store, and the dinner will be held in the Grecian Room of the Hotel Shamrock.

Miss Heloise Brown, the speaker for the dinner meeting, was the first woman in Houston to receive a certified public accountant's certificate. She is well known in American accounting societies and has written numerous articles for accounting publications. At the second Inter-American Conference on Accounting, held in Mexico City, the National University of Mexico awarded Miss Brown a medal for her work in promoting international goodwill.

Voted the outstanding business woman of Houston in 1947, Miss Brown is a member of national and local accounting societies and is past-president of the American Society of Women's Accountants.

Fernald Addresses Students

Charles E. Fernald, senior partner of Fernald and Company, addressed the class in Credit Problems and Statement Analysis at Temple University on items which should appear in financial statements. Mr. Fernald is a past president of the National Association of Credit Men and The Credit Men's Association of Eastern Pennsylvania.

CREDIT INTERCHANGE functions and accomplishments were discussed by the Board of Governors in session in Chicago. Left to right are R. C. Creviston, Northern Wisconsin-Michigan Association of Credit Men, Green Bay, Wis.; Thomas D. Sheriff, Hamburg Brothers, Pittsburgh, Pa., vice chairman; George O. Daniel, Horne-Wilson, Inc., Atlanta, Ga.; Jule Jackman, Richardson Co., Lockland, Ohio; Harry A. Gunhus, Simonds Saw & Steel Co., Portland, Ore.; S. J. Haider, National Association of Credit Men, St. Louis, Mo., secretary; Maurice D. Fields, Central Rubber & Supply Co., Indianapolis, Ind., chairman; Lorne D. Duncan, National Distillers Products Corp., New York City, president, N.A.C.M.; Henry H. Heimann, New York City, executive vice president, N.A.C.M.; A. D. Johnson, Los Angeles (Calif.) Credit Managers Association; George J. Lochner, Baltimore (Md.) Association of Credit Men; and Harold H. Gloe, Morrison-Merrill & Co., Salt Lake City, Utah.

Credit Interchange Board Seeks Uniform Procedures

The National Credit Interchange System of the National Association of Credit Men, is under the supervision of the Credit Interchange Board of Governors. The Board consists of nine members, six of whom are member-users of Credit Interchange Service, and three of whom are secretary-managers of affiliated Credit Interchange Bureaus. Three members are in each of the three geographical divisions into which credit associations are divided.

It is this board's responsibility to concern itself with all matters pertaining to the exchange of credit information between creditors, including Credit Interchange and Credit Group activities. Its major aim is to bring about a uniformity of procedure, program and purpose throughout all units of the Credit Interchange System of the National Association of Credit Men. This offers the best prospect that all creditors shall have the kind and completeness of ledger credit information they desire and need.

Chicago Special Leaves For Houston on May 9

The delegation of the Chicago Association of Credit Men to the annual Credit Congress and N.A.C.M. Convention May 11-15 at Houston, Texas, will leave Chicago Friday afternoon, May 9th, on a special section of the Panama Limited of the Illinois Central Railroad. Arriving in New Orleans Saturday morning, the contingent will be met by Gray Line buses for a three and a half hour tour of the city.

A noon luncheon will be served in the patio of Broussard's Restaurant, a famous eating place of the French Quarter. Members will be on their own for the afternoon and evening. Reservations have been made at the Roosevelt hotel for those who wish to rest. About midnight the party will entrain for Houston, arriving there at 9 a.m. Sunday.

Headquarters for the delegation during the Congress will be at the Shamrock hotel, convention co-headquarters and a short distance from the Rice hotel. The annual Chicago convention dinner will be held Monday evening, May 12, in the Grecian Room at the Shamrock.

Houston Ready to Greet Credit Congress May 11-15

(Concluded from page 35)

Houston's churches number more than 500. There are 125 public schools, 25 parochial.

The City of Houston and the Houston Association of Credit Men, Inc., join National in its invitation to all in the credit fraternity to share the true Texas hospitality every minute of the Credit Congress May 11-15. ON TO HOUSTON.

N. Y. Credit Men Polled For Special to Houston

Members of the New York Credit & Financial Management Association are now being polled to determine how many from New York City will attend the 56th Annual Credit Congress of the National Association of Credit Men in Houston May 11 to 15.

The New York delegation will be housed in the Hotel Shamrock. The Rice and Shamrock hotels are to be co-headquarters for the convention.

The plan now is for the New Yorkers to travel to Houston by way of Cincinnati, Knoxville and New Orleans. The special air-conditioned pullmans assigned to the New York group will leave on Sunday, May 4, at 4 p.m. May 8 and 9 will be spent in New Orleans with the Roosevelt hotel as headquarters.

After the close of the Convention the New York group will travel by way of San Antonio with an all-night stop at the St. Anthony hotel in that city. The schedule calls for arrival at the Grand Central Station in New York on May 19th.

Charters Heads Collection Unit

Coe W. Charters, now manager of the collection division of the Cincinnati Association of Credit Men, was with the Williamson Heater Company for more than 20 years. William S. Voss resigned to join the Jones & Laughlin Steel Company.

COMING EVENTS ON ASSOCIATION CALENDARS

ATLANTA, GEORGIA
March 8-10
Annual Conference of Secretary-Managers, Eastern Division, N.A.C.M.

FARGO, NORTH DAKOTA
March 21-22
Annual North-Central Credit Conference of Credit and Financial Managers, comprising credit associations of Minnesota, North Dakota and South Dakota.

HOUSTON, TEXAS
May 8, 9, 10
National Conference of Secretary-Managers of Local Credit Associations

HOUSTON, TEXAS
May 11-15
56th Annual Credit Congress and N.A.C.M. Convention.

STANFORD UNIVERSITY
Palo Alto, California
July 6-19
Session of Graduate School of Credit and Financial Management

DARTMOUTH COLLEGE
Hanover, New Hampshire
August 3-16
Session of Graduate School of Credit and Financial Management

CHICAGO, ILLINOIS
October 12-15
American Petroleum Credit Conference of N.A.C.M.

CEDAR RAPIDS, IOWA
October 15-17
Tri-State Conference of Credit and Financial Managers, comprising Iowa, Nebraska and South Dakota

ST. LOUIS, MISSOURI
October 16-18
Annual Tri-State Conference of Credit and Financial Managers comprising Missouri, Kansas and Oklahoma

ATLANTIC CITY, NEW JERSEY
October 16-19
Tri-State Conference of Credit Executives, comprising New Jersey, New York and Eastern Pennsylvania

KNOXVILLE, TENNESSEE
October 20-21
Annual South Eastern Credit Conference, covering Tennessee, North and South Carolina, Alabama, Georgia and Florida

CHICAGO, ILLINOIS
October 22
Annual Illinois Credit Conference

YOUNGSTOWN, OHIO
October 24-25
Annual Ohio Regional Conference of Credit Executives.

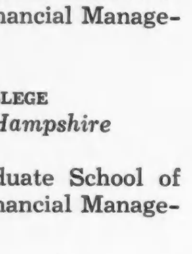
KANSAS CITY, MO.
October 31, Nov. 1-2
Midwest Credit Women's Conference

EL PASO, TEXAS
November 7-9
Annual South Western Credit Conference, covering Louisiana, Texas and New Mexico

PORTLAND, OREGON
March 18-20, 1953
Pacific Northwest Credit Conference, covering Oregon, Washington and Idaho

Mann of Union Oil Retires; San Francisco Credit Manager

Clyde H. Mann, Union Oil Company credit manager in San Francisco, has left the service of the company under its normal retirement plan. He was employed by the Company on May 24, 1917 as a collector-adjustor in Sacramento. He was salesman from 1918 to 1919, and was appointed credit manager in Sacramento, continuing there until March 1, 1932. While he was in Sacramento he was for a term the president of the Retailers Credit Association.


Clyde H. Mann

In March, 1932, he was transferred to Los Angeles as credit manager, and on Jan. 1, 1940, was appointed credit manager in San Francisco.

Mr. Mann was the 1946-47 president of the Credit Managers Association of Northern and Central California, and continues on the board of directors.

Marks and MacArthur In N.A.C.M. Posts

Leonard Marks, Jr., has been named director of research of the Credit Research Foundation of the National Association of Credit Men, and Edwin H. MacArthur has been appointed associate director of education of the N.A.C.M.


LEONARD MARKS, JR.


E. H. MacARTHUR

Mr. MacArthur will be in charge of the educational activities of the N.A.C.M. with Dr. Smith as his immediate superior. He will be the executive head of the National Institute of Credit, which has 33 chapters in leading cities and promotes courses on credit and finance subjects in 47 universities, colleges and schools of commerce.

Mr. Marks, who will serve on a part-time basis, according to the announcement by Dr. Carl D. Smith, secretary of the Foundation and director of education of the N.A.C.M., is an assistant professor of the Graduate School of Business Administration at Harvard University and formerly was assistant credit manager of the American Smelting and Refining Company of New York.

Mr. Marks has completed two of the three years in the program of the Graduate School of Credit and Financial Management conducted by the N.A.C.M. at Dartmouth College. His services are being lent by Harvard to the U. S. Air Force for work on the problem of an integrated accounting system for effective financial management of the Air Force.

Mr. Marks, a native of New Jersey and a graduate of Drew University (1942) and Harvard School of Business (1948), will have as his principal duties in the Foundation assistance in the development of research projects, outlining of working procedures, general supervision of the processes of the studies, reviewal of findings and aid in preparation of the report for publication.

Delegations at Letter Clinic

Many executives sent office staff delegations to the Aline E. Hower annual letter writing clinic of the Chicago Association of Credit Men.

MANAGEMENT IN THE NEWS

KENNETH H. HEALD

Past president of the National Association of Credit Management, Inc., Chattanooga, Tenn., Mr. Heald is treasurer of the Vance Iron and Steel Company of that city. After obtaining his academic education in Fillmore, N.Y., and being graduated from the Rochester (N.Y.) Business Institute, his business career began with Morris & Company, meat packers. Following service in the United States Navy, he was employed by the Truscon Steel Company, Youngstown, Ohio, in the accounting department, and was traveling auditor eight years. In March, 1943, he was transferred to the Vance company as treasurer. (Both Truscon and Vance are subsidiaries of the Republic Steel Corporation of Cleveland.) Mr. Heald became a member of the credit association in 1943 and has served four years on the Board, one year each as second and first vice president and one as president. In 1949 he was elected to the board of the Adjustment Bureau, service unit of the association.

KENNETH H. HEALD

VERYL B. PITTS

C. W. HURD

A. J. ZATKOVICH

CECIL E. ORR

IRA Y. BICKNELL

VERYL B. PITTS

President Pitts of the Wichita (Kans.) Association of Credit Men is a vice president and loan officer of the Fourth National Bank. He entered Wichita University to prepare for the legal profession but turned to business administration. After receiving his A. B. degree he decided upon a banking career. Joining the staff of the Fourth National Bank in 1930, he served an apprenticeship as clerk, and successively became manager in the credit department, assistant cashier, assistant vice president, and then advanced to vice president. Mr. Pitts has written numerous articles for financial publications, and has taught courses in economics and banking for the American Institute of Banking and Kansas University's Extension Graduate School. He is a member of Robert Morris Associates.

CECIL E. ORR

Assistant cashier of the Farmers and Merchants Savings Bank, at Burlington, Iowa, Mr. Orr is in charge of the automobile and installment loan department. He entered the banking business in 1929, and has been engaged in banking most of those years, with the exception of a short time in the real estate business after World War II. He is a member of the Burlington Chamber of Commerce and Kiwanis Club. He is very active in credit circles, and served as vice president of the Burlington Association of Credit Men before his election to the presidency.

F. J. BITTERMAN

Cashier, office and credit manager of Eberhard Division, Eastern Malleable Iron Company, Cleveland, Mr. Bitterman has been with the company since 1916. He started in the Bridgeport (Conn.) Division as a clerk, then transferred to the Naugatuck (Conn.) division and to his present position in 1939. Mr. Bitterman was general chairman of the 1948 Credit Congress and is now president of the Cleveland Association of Credit Men. He is a member of the Cleveland Chamber of Commerce and of the ABCD Motor Credit Association of Detroit, Mich. He believes a credit man also has civic responsibilities and gives freely of time and effort to community activities.

F. J. BITTERMAN

A. J. ZATKOVICH

Office manager and accountant for Harold E. Dahl Company, Tacoma, Wash., for the last 14 years, since leaving business college, Mr. Zatkovich always has busied himself in credit organization work, a tribute to which is his presidency of the Tacoma Association of Credit Men. He is a member of National Office Management and the Junior Chamber of Commerce.

C. W. HURD

President of Hurd & Butler, Inc., and of the Mid-Central Fish Company, Mr. Hurd has rendered outstanding service to the Tri-State Credit Association, El Paso, Texas, during his 15 years of membership. He was elected to the presidency last April. Mr. Hurd also devotes considerable time to civic and philanthropic affairs.

IRA Y. BICKNELL

The president of the Shreveport (La.) Credit Men's Association started his business career with the First National Bank of Shreveport as an office boy, in 1919. Mr. Bicknell has worked in all departments of the bank and was manager of the discount department when he was elected auditor in 1944. From assistant cashier, then assistant vice president, he was made vice president of the bank in 1950. Mr. Bicknell is a graduate of the American Institute of Banking and has a record of service to the Shreveport association.

"When you know you are doing your job perfectly, look for ways to improve it—or someone else will."

—Anonymous

LETTERS TO THE EDITOR

THOUGHT-PROVOKING

The new CREDIT AND FINANCIAL MANAGEMENT is "packed so full of current information and thought-provoking material that it is hard to imagine anyone opening this magazine without turning every page before putting it down. And what is more important, we found ourselves not turning the pages but reading them. The special features present answers to questions which all of us are thinking about in the conduct of our daily work. The articles are timely and presented in such a way that in a very short time the reader can obtain the information in a logical and forceful manner."

F. WILLARD HEINTZELMAN
Fernald & Company
Philadelphia, Pa.

LONG STRIDES MADE

"The magazine is a big improvement. While I do not like the color on the cover, the design and picture immediately attract attention . . . The two pages on Washington are informative . . . You have definitely made long strides toward getting this magazine on a plane with other executive and business publications."

E. WILLIAM LANE, Treasurer
American Screw Company
Willimantic, Conn.

EACH ISSUE BETTER

"You are setting a real pace with our credit magazine. Each new issue is better than the preceding one. You really rang the bell with this February issue . . ."

J. E. WALSH, Secretary
Oscar Mayer & Co.
Chicago, Ill.

ISSUE IS GOOD ONE

"The January issue of C. & F. M. is a good one. We from Houston, site of the next N.A.C.M. Convention especially appreciate the publicizing of the same."

O. W. HARIGEL, Vice President
Houston National Bank,
Houston, Texas.

SUGGESTIONS WELCOME

"After discussion of various features of the new CREDIT AND FINANCIAL MANAGEMENT with Paul J. Smith (Minneapolis Honeywell Regulator Company) we would like to suggest and recommend that each month you feature the credit and financial leaders of a different industry, along the idea of recognition given the petroleum group in January and the food group in February. The new restyled magazine has caused a great deal of discussion in this area—all favorable."

BRACE BENNITT, Secretary
Minneapolis Association of Credit Men
Minneapolis, Minn.

Always appreciative of constructive recommendations, we shall be delighted to publish such pictures and copy of other industrial group leaders as the material becomes available.—Editor.

APPROVES EMPHASIS

"We heartily approve the new CREDIT AND FINANCIAL MANAGEMENT magazine published under the new policy of emphasizing management. The new policy represents definite progress, and we have every confidence that we will have a magazine that will not only be a credit to the National Association of Credit Men, but helpful to all readers."

L. W. STOLTE
Vice President and Treasurer
Fairbanks, Morse & Company
Chicago, Ill.

FEATURES APPROVED

"I am more than happy with the changes inaugurated in CREDIT AND FINANCIAL MANAGEMENT . . . a new spirit of personal contact reaching out from the pages . . . The features 'Washington' and 'Trends' and the concise comments of business leaders give a feeling of business trends and conditions never before experienced . . . you have made it outstanding in the financial field."

W. D. ECK, General Credit Manager
Paxton and Gallagher Company
Omaha, Nebr.

APPEAL THROUGHOUT

"The January issue of CREDIT AND FINANCIAL MANAGEMENT certainly looks like an entirely new magazine. From cover to cover it is perfect . . . Washington news well gotten up, short items and easy to read . . . real improvement . . . Now appeals to me as a magazine I will want to read from cover to cover."

IRWIN STUMBORG, Treasurer
The Baldwin Piano Company
Cincinnati, Ohio

DISTINCT IMPROVEMENT

"Was very much impressed with the new format and layout of CREDIT AND FINANCIAL MANAGEMENT, and the manner in which the material was organized and presented . . . distinct improvement over the old style . . . I find the sequence of importance in the material presented an improvement . . . hope you will continue along the lines of the January edition."

FRED KIEL, Credit Manager
Owens-Corning Fiberglas Corporation
Toledo 1, Ohio

Johnston and Neff Advanced In Gulf Oil's Credit Offices

M. V. JOHNSTON

J. S. NEFF

M. V. Johnston is acting general credit manager of the Gulf Oil Corporation, in the absence of R. R. McCoy on sick leave, and J. S. Neff has been named assistant general credit manager. W. L. Naylor, vice president and controller, made the appointments.

Mr. Johnston, a native of Pittsburgh, attended Miami University and the University of Pittsburgh Evening School, and in 1940 received a Fellow Award to the National Institute of Credit. He joined Gulf in 1928 as a clerk, and five years later was appointed assistant general credit manager.

He is treasurer and director of the Credit Association of Western Pennsylvania; director, Retail Association of Pittsburgh; and editor, American Petroleum Credit Association *Journal*.

Mr. Neff attended evening schools at the University of Pittsburgh and Duquesne University, and the last two summers has been enrolled at the Executive School of Credit Management, Dartmouth College. Entering Gulf employ as a bookkeeper in 1927, he advanced successively to assistant credit manager of the Pittsburgh division, to divisional credit manager, then to retail credit manager.

Mr. Neff is a member of the Credit Association of Western Pennsylvania, Retail Credit Association and American Petroleum Credit Association.

Credit Manager Vainly "Calls" Trial Witness' Expense Account

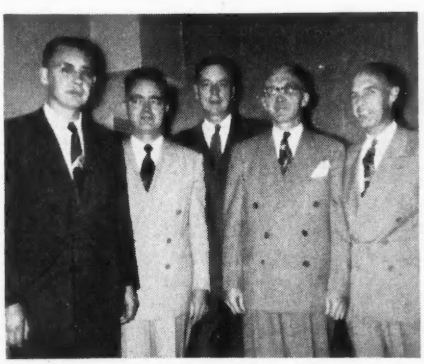
A credit manager went to bat against the high cost of living of a state's witness and his police guards in the Michael Moretti murder trial in Chicago, but was struck out by a woman with a high-pitched voice who identified herself as secretary to the special prosecutor.

Edward Low, credit executive of the Conrad Hilton hotel, where the hotel bill of Leonard Monaco and his police escort had exceeded $7,000 in three months, told Chief Justice Thomas J. Kluczynski, investigating the expense accounts, that when he advised Prosecutor Harold Smith that the bills should be curtailed, the secretary replied that "naturally with so many people in the hotel suite the bills would be high." Tales of cold (uncooked) steaks and hot liquor had figured in the testimony.

Irvin Zimet, Native Ohioan, Toledo Association Secretary

Irvin Zimet, newly named secretary-manager of the Toledo Association of Credit Men, is a native Ohioan and graduate of Western Reserve University at Cleveland where he completed the work for his degree after an interlude as a paratrooper in Europe in World War II.

Mr. Zimet started in the Collection Department of the Cleveland Association of Credit Men in 1947 and went on to the Credit Interchange, Trade Group and General Sales and Services. The past year he served as a "roving ambassador" to the four associations and branch office sponsored by the Cleveland association. Outside activities included membership in the Sales Executives Club and the teaching of mathematics to adult education classes at the Griswold Institute, before going to Toledo.



FRESHMEN ALL. New members of the board of directors of the Seattle Association of Credit Men: (l to r) C. W. Mattson, Grinnell Company of the Pacific; Harry C. Hallowell, The Pacific National Bank of Seattle; R. H. Lamont, Smith Cannery Machines Company; Don E. Sturm, United States Plywood Corporation; and R. C. McDonald, Seattle—First National Bank. Their terms on the directorate expire in April, 1954.

Cleveland's New Secretary Has Long Record of Service

Ralph H. Coleman, new secretary-manager of the Cleveland Association of Credit Men, has a long service record of activity in the interest of credit associations. Beginning in 1921 he was first secretary of the Johnstown (Pa.) association, which merged with the Association of Western Pennsylvania seven years later. Mr. Coleman was transferred to Pittsburgh in 1930, as manager of the adjustment bureau there. In the summer of 1942 he served on the emergency staff at the Federal Reserve Bank in Pittsburgh, processing V loans. He also has had several years of experience in the manufacturing and hardware business.

Sees Bank Loan Decrease

A moderate decline in the volume of bank loans may be expected early this year because of a reduction in inventory loans, repayment of consumer loans and a drop in the supply of mortgages, Dean G. Rowland, director, and Dr. Markus Nadler, research director, The Institute of International Finance of New York University, said in a joint bulletin on "The Role of Credit in the Present Emergency."

New Robert Morris Pamphlet Aids Businessman and Banker

Better understanding of the quality and scope of financial information needed by businessmen for bank credit purposes, the reasons for the banker's requirements, and aid to bankers in obtaining adequate data are the objectives of a new pamphlet prepared by Robert Morris Associates.

Financial Statements for Bank Credit Purposes provides at the national level the services given by issuance of statements by individual banks and local Robert Morris chapters. The work was prepared by the committee on cooperation with public accountants. Subjects treated include audit reports, what the banker needs, information the business man should submit, in the fields of cash, receivables, inventory, cash surrender value of life insurance, investments, fixed and other assets, current and other liabilities, reserves, owners' equity, and income statement.

LOCAL CREDIT IN ACTION — ASSOCIATIONS

NATIONAL ASSOCIATION OF CREDIT MEN ORGANIZED VIGILANTIA 1896

CONDENSED REPORTS OF MEMBERSHIP MEETINGS OF ORGANIZATIONS THROUGHOUT THE COUNTRY

BRIDGEPORT, CONN.—Members and guests from Bridgeport, Danbury and Bethel attended a joint meeting of the Bridgeport Association of Credit Men with members of the Connecticut Society of Certified Public Accountants and the Bridgeport chapter of the National Association of Cost Accountants. *John L. Carey,* executive director of the American Institute of Accountants, discussed the relations of businessman, banker and accountant. Frederick F. Robinson, of Danbury, president of the credit association, presided.

OKLAHOMA CITY, OKLA.—Recognizing the importance of estate liquidations to credit and financial managers, *Hal Whitten,* attorney, addressed the membership on "What Happens When You Die."

TOLEDO, OHIO—A double feature meeting included a presentation of Swift & Company's new movie, "The Big Idea," and a talk followed by *Dr. Lloyd A. Helms,* author, lecturer and chairman of the department of economics of Bowling Green College. His subject was "Production and Government Economy."

PITTSBURGH, PA.—Among the speakers at recent Credo Club luncheons were *Alexander Henderson,* professor of the Graduate School of Carnegie Institute of Technology, on "An Economist Looks at Nationalization of Industry"; *M. D. Bachrach,* partner, Bachrach, Sanderbeck & Company, on "Credit Problems Posed by the New Income Tax Law"; and *J. W. Schalles,* credit manager, Ruud Manufacturing Company, on "Ethics of Credits."

HARTFORD, CONN.—*Joseph A. Hoehlein,* law lecturer at Pace College, New York City, addressed the membership on "Some Legal Problems of Today's Business."

GRAND RAPIDS, MICH.—Insurance was the theme of the recent membership meeting. *Waldo O. Hildebrand,* executive secretary-manager of the Michigan Association of Insurance Agents, spoke on "Protection Is a Job."

ATLANTA, GA.—*Lamdin Kay,* executive secretary of the Associated Industries of Georgia, addressed the membership on "Industries' Bill of Rights."

ST. PAUL, MINN.—At a joint meeting of the wholesale and retail credit associations, *Henry H. Heimann,* executive vice president, National Association of Credit Men, spoke on "Current Business Problems." *Francis Kaar,* St. Paul Association of Commerce, addressed another meeting of the credit association on "Let's Quit Kidding About Business," after which a panel of banker members discussed the subject.

CINCINNATI, OHIO—Two panel discussions highlighted the biweekly meetings of the Cincinnati Association of Credit Men. *Orville Sorrell,* Michaels Art Bronze Company, as general chairman, presented a discussion on "Credit Policy Under Present Economic Conditions." *O. E. Dreutzer,* Alms & Doepke Company, was moderator, and *Richard Drayson,* Jos. T. Ryerson & Sons Company and *M. H. Anderson,* Graybar Electric Company, were panel members. *Paul W. Cutshall,* Southwestern Publishing Company, was moderator of the second panel presentation, "Financial Statement Analysis and Credit Limits." On the panel were *Ralph G. Holste,* Central Trust Company, and *Abner Starr,* Lybrand Ross Bros. & Montgomery.

CHICAGO, ILL.—*Paul Harvey,* A.B.C. news commentator, was the guest speaker at the February meeting of the Chicago credit association.

NEW YORK, N. Y.—At the 57th annual membership meeting, *Arthur H. "Red" Motley,* president, Parade Publication, Inc., spoke on "Freedom to Do Business—Use It or Lose It." *Willard L. Burbank,* vice president, Chase National Bank, chairman of the association's public meetings committee, was in charge. *R. G. Woodbury,* Textile Banking Company, Inc., association president, presided.

PHILADELPHIA, PA.—*Evan B. Alderfer,* industrial economist, Federal Reserve Bank of Philadelphia, addressed a meeting at which students of the credit and collection classes sponsored by the Credit Men's Association of Eastern Pennsylvania were guests.

TERRE HAUTE, IND.—"The New Challenges in Credit Management" was the subject of a talk before the membership monthly meeting, by Victor C. Eggerding, credit manager, Gaylord Container Corporation, St. Louis, Mo. Mr. Eggerding is vice president (central division) of the National Association of Credit Men.

HARRISBURG, PA.—*W. E. Vollmer,* credit manager, SKF Industries, Inc., Philadelphia, and past president of the Credit Men's Association of Eastern Pennsylvania, pointed out to Harrisburg members the "Constructive Opportunities Ahead for the Credit Executives."

FORT WORTH, TEXAS—A panel discussion, on "Credit and Collection Problems and How to Meet Them," was organized by *Miss Blanche Lotspeich,* H. J. Justin and Sons Company, moderator. Speakers were *Leslie Cooke,* Pangburn Company, Inc., *J. A. Eddins,* Big Three Welding Equipment Company, Inc., and *Forrest Shelton,* Johnnie Johnson Tire Company.

SEATTLE, WASH.—Our northwest correspondent reports on two Seattle membership meetings. *Leon Henderson,* who headed the Office of Price Administration in World War II, spoke on "An Economist's Almanac for the Days Ahead." *Dr. G. Rowland Collins,* Dean, School of Business, New York University, addressed the members on "The Fourth 'C'—What Is Ahead for Business."

COLUMBUS, OHIO—*Ralph C. Jones,* assistant secretary, Cincinnati Association of Credit Men, and *Don Mack,* columnist for the *Ohio State Journal,* shared the speaking platform at the Columbus association meeting.

WHEELING, W. VA.—*Fred Kiehl,* chief economist, Federal Reserve Bank of Cleveland, discussed "Inflation Today and Tomorrow."